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29 July 1985

WEST EUROPE REPORT

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POLITICAL

CYPRUS

DENKTAS ON UN DOCUMENT, TURKISH SETTLERS

NC301206 Nicosia I SIMERINI in Greek 30 Jun 85 p 1

[Text] The Turkish [Cypriot] side will have prepared its positions on the new Perez de Cuellar document in 4 to 6 weeks when it will also decide whether it will entrust Rauf Denktas or the "foreign minister" with the mandate to proceed with the negotiations. This statement was made by Rauf Denktas himself to I SIMERINI Director Kostas Khatzikostis during a discussion they held on Tuesday [25 June] in Rauf Denktas' office. Although Rauf Denktas pointed out that all decisions on the document will be made by the "government" and the "parliament" of the occupied area, he described the document as incomplete and directly criticized the UN secretary general for having prepared it without consulting the Turkish Cypriots.

The Turkish Cypriot leader also said that the UN secretary general should hold complete consultations -- as he put it -- with the Turkish Cypriots to complete the document, which might require many changes. Rauf Denktas also emphasized that the Turkish Cypriots would never negotiate on Turkey's guarantees, the bizonal status of the state, or the political equality of the two communities.

As to how he himself views Turkey's guarantees, Rauf Denktas make it clear that they should be strengthened through the presence of a higher number of Turkish troops in Cyprus than in the contingent of Turkish Forces in Cyprus [provided for in the 1960 Cyprus Constitution].

Asked how he views Cyprus' future, Rauf Denktas said that if the Greek Cypriots do not accept bizonality, equality, and Turkey's guarantees, so that a federal solution can be found, the two states will continue to exist. According to Rauf Denktas' appraisal, the pseudostate will gradually be recognized, which would compel the Greek side to discuss the establishment of a federation.

Responding to other questions, Rauf Denktas said that the only way for the Greek Cypriots to prove that they have abandoned Enosis would be to accept Turkey's guarantees.

Asked how can he guarantee that Turkey does not intend to occupy the whole of Cyprus, Rauf Denktas said that Greece's guarantees will suffice for this.

Rauf Denktas reacted strongly to a question on the settlers from Turkey, saying that they are already Cypriot citizens and that he refuses to accept the term "settlers." According to Rauf Denktas' allegations, they number far fewer than 30,000. He added, however, that more settlers of allegedly "Turkish Cypriot extraction" will be coming.

CSO: 3521/293

POLITICAL

CYPRUS

NEED FOR TURKISH CYPRIOT GUARANTEE

TA071147 (Clandestine) Bayrak Radio in Turkish to Cyprus 1030 GMT
7 Jul 85

[Text] Greek Deputy Foreign Minister in charge of European Affairs Theodhoros Pangalos has said that it is legitimate for the Turkish Cypriot side to ask for guarantees in Cyprus, however, this guarantee cannot be provided by the Turkish Army. Speaking to our correspondent Sadi Uluengin, who is currently in Hamburg for the Council of Europe summer meetings, Pangalos said that Turkish and Greek troops must withdraw from Cyprus. He noted that as long as the Cyprus and Aegean issues remain unresolved, it will be difficult to establish a Turkish-Greek dialogue under the current circumstances.

Replying to Uluengin's question on whether or not Athens' policy toward Turkey will become more flexible, Pangalos recalled Greek Prime Minister Papandreu's declaration that there will be no change and stressed that, in his opinion too, it would be difficult to start an Athens-Ankara dialogue before reaching a settlement regarding the two deep-rooted problems. The Greek minister pointed out that one of these problems consists of the Cyprus issue, which can be solved through Turkish Cypriot concessions, concessions made actually, by Turkey itself. He stressed that he considers the Turkish Cypriots' request for a guarantee legitimate, because both the Turkish and Greek Cypriots need guarantees. Noting that this guarantee cannot be secured through the presence of Turkish troops on the island, Pangalos said that the guarantee cannot be obtained through the use of the bayonet and that neither side can oppress the other on the basis of the law of the jungle. Pangalos also stated that the Turkish and Greek troops must withdraw from the island, adding that a solution to the Cyprus problem can be achieved by purging the island of troops and forming a bicultural federal framework.

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POLITICAL

DENMARK

ANTI-EC GROUP IN SDP BREAKS OFF TO FORM 'LABOR PARTY'

Jørgensen Turns Cold Shoulder

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 85 p 1

[Article by Thorkild Dahl: "Gallup Poll: We Will Remain in EC"]

[Text] The People's Movement Against EC Social Democrats are getting the cold shoulder from Anker Jørgensen in the attempt to bring opposition to EC into the Folketing. If the new party gathers 19,212 valid petition signatures, it will become party No 16 in the next Folketing election.

A distinct no to a coalition from the Social Democratic Party's Chairman Anker Jørgensen and a report from the voters regarding increasing support for EC with a yes to continued Danish membership in EC. That is the reception for the People's Movement's Social Democrats' attempt as a new party demanding Danish withdrawal from EC to breathe new life into the debate regarding our EC membership.

A Gallup poll taken for BERLINGSKE TIDENDE shows that today 54 percent of voters would vote against Danish withdrawal from EC in a referendum. Support of Denmark's membership in EC is increasing to 39 percent now versus 37 percent before the election for the European Parliament in June of last year, and the opponents now make up 40 percent, versus 42 percent one year ago.

The new party, with the name, for the time being, of the Labor Party, stems from the agelong debate among Social Democrats for and against EC, and in the attempt to give the People's Movement Against EC a platform in the Folketing, only the paragraph regarding EC is to be rewritten in the Social Democratic Party platform. One of the founders of the new party, College Teacher Bent Brier of Sønderborg, believes that in all other respects the new party can adopt the Social Democratic Party platform.

Anker Jørgensen calls the new party's attempt to run "unwise."

"I do not think they will get into the Folketing, and we cannot look with sympathy at a party which wants to oppose the Social Democratic Party," Anker Jørgensen says. Social Democrats supporting the new party will not have their

membership renewed, as was the case earlier for Social Democrats on the People's Movement Against EC's candidate list.

The People's Movement's new national secretary, European Parliament Member Else Hammerich, welcomes the Labor Party. However, she advises against confrontation and says that "the dialogue with the Social Democratic Party must not become lost."

To Enter Next Election

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 85 p 9

[Article by Therkild Dahl: "Social Democratic EC Opponents Form New Party"]

[Text] Social Democratic EC opponents want an indication in the Folketing of their attitude toward EC policy, while the People's Movement Against EC, according to National Secretary Else Hammerich, "would be broken up" by turning up at Christiansborg.

The framework for Danish EC policy is laid in the Folketing and the powerful Market Committee, and in acknowledgement of this the People's Movement's Social Democrats now want to break with anonymity and run under the name the Labor Party in the next Folketing election.

Out of EC

"It is the position on EC which is the main difference between us and the Social Democratic Party. We want Denmark out of EC," is the opinion of one of the initiative takers for making the People's Movement's Social Democrats an eligible-to-run party, College Teacher Bent Brier of Sønderborg.

The national secretary of the People's Movement Against EC, Else Hammerich, welcomes the Social Democratic EC opponents' initiative.

"I well understand that they have become impatient. A great majority of rank-and-file Social Democrats are against EC membership, but this has not been carried to the top of the party," Else Hammerich says.

Seventeen years now after the referendum, the People's Movement Against EC still does not want to take part where the decisions regarding Danish EC policy are made.

Umbrella Organization

"We are an umbrella organization for various political views. If we ran for the Folketing this would destroy our basis of cutting across party lines," Else Hammerich says to BERLINGSKE TIDENDE.

The People's Movement's Social Democrats, on the other hand, want this. The current price of becoming eligible to run is 19,212 valid signatures on a

petition, but the Interior Ministry's rule of thumb says at least 25,000 signatures, because there is always a portion of invalid signatures, among other things, because the signers have also signed a petition for another one of the many new parties.

The People's Movement's Social Democrats have about 200 members, but Bent Brier does not anticipate difficulties in collecting the necessary signatures, among other things, via the People's Movement Against EC's paper NOTAT.

Anker Jørgensen: Unwise

Social Democratic Party Chairman Anker Jørgensen is dissociating himself from the new party from the start.

"It is unwise and it is obvious that this very small group of people totally disagrees about whether they should take the step and run," Anker Jørgensen says, and adds that there cannot be a question of a coalition in the Folketing.

"I do not think that they will get into the Folketing, and as far as candidates for the new party are concerned, they cannot be members of the Social Democratic Party," Anker Jørgensen says.

Poll: Pro-EC Sentiment Gaining

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 85 p 9

[Article: "Gallup Poll: Support for EC Growing Again; A Referendum Would Result in a Majority for Remaining in EC"]

[Text] Support of Denmark's membership in EC was increasing up to the European election last year, and this support seems to be continuing to grow also after the European election.

This comes from the latest poll the Gallup Institute conducted in the series of trend polls the institute has conducted before and since the referendum of October 1972.

In these polls a representative sample of voters consisting of about 1000 respondents was asked the following question:

"If you were to vote today on joining the European Common Market, would you vote for or against Denmark's joining?"

The last poll was conducted in May, and the result of the poll is seen in the following summary, where for the sake of comparison the results of the earlier polls have been entered:

		<u>For</u> <u>%</u>	<u>Against</u> <u>%</u>	<u>Don't know</u> <u>%</u>	<u>Total</u> <u>%</u>
2 October	1972	57	33	10	100
February	1973	51	37	12	100
May	1973	46	43	11	100
October	1973	42	43	15	100
March	1974	42	42	16	100
May	1974	38	43	19	100
August	1974	31	53	16	100
October	1974	37	45	18	100
April	1975	40	41	19	100
August	1975	45	41	14	100
March	1976	40	43	17	100
May	1977	39	43	18	100
April	1978	40	37	23	100
February	1979	38	40	22	100
26 May - 30 May	1979	33	48	19	100
December	1979	31	39	30	100
May	1980	36	43	21	100
December	1980	33	48	19	100
May	1981	35	46	19	100
March	1982	35	42	23	100
December	1982	35	48	17	100
September	1983	31	43	26	100
April/May	1984	34	47	19	100
May/June	1984	37	42	21	100
May	1985	39	40	21	100

As is apparent, support for EC has continued to increase, and now there is a "dead heat" between supporters and opponents (39 percent and 40 percent).

And if the "Do Not Know" percentage is disregarded, the figures for the last four polls are as follows:

	<u>Sept</u> <u>83</u> <u>%</u>	<u>April/May</u> <u>84</u> <u>%</u>	<u>May/June</u> <u>84</u> <u>%</u>	<u>May</u> <u>85</u> <u>%</u>
For	42	42	47	49
Against	58	58	53	51
Total	100	100	100	100

However, it is one thing that one does not want to vote for joining today. This is not synonymous with one's today, in a referendum, wanting to vote for withdrawal once we are now a member of the community.

For this reason, all opponents of joining, as well as those who had answered "Do Not Know," were asked the following question:

"If you were to vote on Denmark's withdrawal from EC, would you vote for or against withdrawal?"

This produced the following answers:

	percentage
For withdrawal	60
Against withdrawal	7
Do not know	33
Total	100

"Only" 60 percent of the opponents would go as far as to vote for Danish withdrawal, while 7 percent would vote against it, while every third one (33 percent) feels uncertain. If these figures are placed in relation to the answers for the first question and the "Do Not Know" answers are excluded, this says that the outcome of a referendum today to the effect of withdrawing from EC would give the following result among those taking part in the "referendum":

	percentage
For withdrawal	46
Against withdrawal	54
Total	100

May be reproduced only by citing BERLINGSKE TIDENDE and Gallup Institute as the source. Asger Schultz.

Paper Comments on Party

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jun 85 p 12

[Editorial: "An Ailing Patient"]

[Text] Europe's temperature is fluctuating a bit. Sometimes this birthplace of our age's civilization is asserted to be so ailing that it is time to convert it into a museum, while the future is moved to the southeastern part of the USA, to the Far East and to the ASEAN group. On other occasions the bottom line is given that the built-in differences between highly developed and less developed European countries are in a decisive manner impeding development of the community which would be able to take a stand against the mercantile and technological competition which is under rapid development. And seen from within--from EC's own member countries--it is often easier to see the shortcomings and troubles in the alliance than the gains won and anticipated.

Europe finds itself in a position where there is a considerable need to create a still firmer framework for an alliance than that already existing. In its present framing EC is not sufficiently capable of functioning, and the frequent mutual conflict between the member countries' governments and between them and the EC machinery does not contribute to furthering the man in the street's belief in the fact that the patient is improving.

Still, there is a growing recognition of the fact that the alliance is a necessity. This can be read from the Gallup poll which is printed today in BERLINGSKE TIDENDE. Its major observation is that a considerable part of the Danish population in a given situation would not vote for Danish withdrawal from the community. It shows also that the more noncommittal opposition to EC is too downward. There is no alternative to EC, either politically or tradewise. This is about to become the prevailing opinion even on the Danish left wing.

For this reason it is not very well-considered that the Social Democratic EC opponents have chosen precisely now to appear as an independent political group with the goal of forming a political party. The People's Movement Against EC has very big problems in keeping the opponents and doubters, because the movement is without a program for what is to be set up instead. If a new party sees the light of day it will launch itself on the Social Democratic Party's platform minus EC. This is so flimsy a basis that any thought of considering it a serious contribution to Danish politics must be cast aside.

The formation of a party is an expression of the People's Movement's desperation. The People's Movement is without any representation in the Folketing and has no prospects of achieving representation. It is to an increasing degree estranging itself from Danish voters and must now try its hand at artificial respiration. But the difference between ailing Europe and the People's Movement is that Europe possesses the sufficient requirements for life, while both the People's Movement and its various party offshoots are doomed.

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POLITICAL

DENMARK

BRIEFS

GREEN PARTIES' ELECTION PACT--Green Coalition. Denmark's Environment Party wants a coalition with the country's other environment party, The Greens, in order to avoid wasted votes in a coming Folketing election. At the party's council meeting during the weekend it was voted to approach The Greens with proposals for a formalized coalition with double membership and running on a common ticket in the next Folketing election. The Greens became eligible to run in the fall. Denmark's Environment Party is in the process of gathering signatures to be able to run. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 10 Jun 85 p 2] 8985

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

AMBIGUOUS STATE COURT RULING ON GREENS ROTATION REVIEWED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Jun 85 p 12

[Article by Friedrich Karl Fromme: "Actually Against the Greens--'Rotation' Is Constitutional, but the Burden Falls on the Party"]

[Text] The ruling by the Lower Saxony State Constitutional Court, Bueckeburg seat--with participants (among nine judges) including Wassermann from Braunschweig, chief judge of a higher regional court; Stalljohann from Oldenburg; and Doerffler, chief judge of the Lueneburg Higher Administrative Court--on the constitutionality of the Greens' rotation scheme in the Lower Saxony Landtag might appear at first glance to be inconsistent and to be favorable to the Greens. The right being requested by the Green Party in Lower Saxony as well as at the Federal level to vacate one's seat when half of the legislative period has passed has been characterized by this state constitutional court as irreconcilable with the Constitution. But at the same time the relinquishing of one's seat has been recognized: The 5 Green deputies out of the 11 in the Landtag of Hanover who finally, after various resolutions at Green Land meetings, were the focus of the request for rotation ("partial rotation") have lost their seats and made room for Green replacements because of this ruling of the state constitutional court, in the face of decisions by the Landtag plenum. It is a Lower Saxony peculiarity that the plenum of the Landtag has to decide on the acceptance of the relinquishment by a deputy of his seat. The Scrutiny Committee, which has the duty of making a recommendation on this, twice recommended the acceptance of the relinquishing of a seat, and twice the plenum disregarded this.

The apparent inconsistency of the Bueckeburg ruling resolves itself--roughly along the lines of the recommendations by the Scrutiny Committee--in the following consideration: As a principle, rotation is unconstitutional. It refers, as it were, to a different kind of republic, which would have strong elements of an--unconstitutional--system of commissars and in which the deputies would not have the freedom guaranteed by the Basic Law and Land constitutions of carrying out their mandate in the manner that they wish to, although in practice not without certain considerations for the party. If the deputy does not show such a consideration, that is to be paid for with the loss of the seat--although not until at the end of the respective legislative period, by the person in question not being renominated. The bold assertion of the Greens that

precisely the freedom of the mandate makes rotation constitutional is rejected.

But the state constitutional court was not able to say that the relinquishing by the five deputies of their mandate cannot be judged to be voluntary. It said that a certain regard for the will of the respective party also does not in other respects exclude voluntariness. Such a regard is even "a recognized component of the parliamentary system." Thus the state constitutional court is relying on old precedents of the Federal Constitutional Court (substantiated in the second volume of the compendium of law reports that at present come to a stop in the 1960's). But the limits of the voluntariness that is still to be accepted are "exceeded" wherever the pressure of the party on the deputies has a "coercive character" or changes "the representative mandate into one of compulsion." With that the state constitutional court goes some distance beyond what the Federal Constitutional Court has decided (and with which it alone, in the nature of the "case," was concerned): Namely that a party required more or less from "its" deputies blank renunciation statements which were presented in case of "insubordination" and by this means the deputy was deprived of his seat immediately and as a punishment. With the twist that the representative mandate must not be converted into a mandate of compulsion and that the limits lie with the "coercion" of the deputy by his party, the state constitutional court shifts the previous limits in the direction of the freedom of the deputy.

Not "Coerced"

To be sure, the state constitutional court recognizes the peculiarity in the case of the Greens that the "rotating" deputies have not been overpowered and "coerced" by the party, but that they have voluntarily acceded to that strange system. For the court, here the deputy's right embodied in the Constitution and in law comes to the fore, the right to voluntarily--which includes a reference to his relationship to his party--relinquish his seat. But a party which demands such a thing is not in conformity with the parliamentary system, even though in this specific case its deputies have been in agreement with it. But with that the court approaches a position that has been defended, for example, by the Munich professor of constitutional law and Berlin federal senator Rupert Scholz: He has based his view of the unconstitutional character of the Green Party on, among other things, the rotation principle. In the Bueckeburg ruling, Scholz is not cited, nor are other voices from academia.

The state constitutional court is examining in meticulous detail the constitutional grounds which could have established that the vacating of their seats by the five deputies was unconstitutional.

Among other things, it is examining whether rotation violates the principle of direct election--that is, the principle that the citizen has the right to choose the deputies directly, without the interposition of an institution substantially involved in the decision. Here the court comes to the conclusion that even with other parties the citizen has no guarantee that the just elected deputy will stick it out for the duration of the

legislative period. Everywhere there is the possibility that an elected deputy will resign and that a "replacement" whom the voter had not given any thought to will take his place. Here the court once again affirms the principle that a relinquishment of his seat by the deputy would be null and void if this had been "compelled" by his party. But the deputy who voluntarily accedes to a practice which is in itself unconstitutional is simply not being "compelled." It is true that the rotation principle does offend against the 4-year duration of the legislative period stipulated in the constitution of Lower Saxony, but even here it is irrefutable that this offense--even deputies belonging to other parties who prematurely end their mandate curtail the legislative period as far as they are concerned--is not brought about by an absolute violation of voluntariness with the vacating of the seat. Here one could have wished that issue had been taken with an earlier ruling of the Hessian state constitutional court which concerned the "latent mandate" of the deputy who is named to be minister--and which declared it to be unconstitutional. If the minister resigned from this office, he replaced his successor as deputy, in that the ex-minister returned to parliament. The deputy being promoted thus came into a peculiar relationship; for the citizen, his right to elect as deputy whomever he wanted was unconstitutionally curtailed. What is more, it could come to pass that a weather-box principle prevailed here.

The state constitutional court gives weight to a particular consideration: That of the ability of parliament to function. This, it says, is not unaffected by rotation. It says that what has already been debated must now be discussed anew in the parliament and above all in its bodies, the committees. Yet despite all the reservations, the ability of the Landtag to function is "not disturbed so substantially by the resignation of the petitioners...that because of this the constitutional order would suffer damage." Perhaps here the reduction in the plan of the Greens--to have the resignation of only 5 deputies instead of a rotation of all 11--has played an extenuating role.

The key statement of the ruling is: "The deputies are representatives of the entire people for a period stipulated by the Constitution." This requires, it says, "that there be no new endorsement during the legislative period, and the perpetuation of the selection must not be subject to the decision of the voters or of a party organ. This order of the parliamentary system of government...is contradicted when a party wants to exchange its deputies during the legislative period." The state constitutional court has "borne in mind that exercising a right impermissible because of abuse of the law does not always need to be null and void." It must be asked about the purpose of the right that is to be protected, and "here" it is not necessary "to bind the deputies to their mandate against their will."

On the Fringes of the Constitution

With that the apparent inconsistency of the Bueckeburg ruling has been bridged over. Rotation offends against the parliamentary system, but its practicing in the specific case in Lower Saxony is not enough for a judicial recognition of the unconstitutionality of this seat-vacating

system. This means that the burden of rotation, with which the Lower Saxony Landtag need no longer concern itself in this case, falls back on its originators, on the Green Party and the holders of seats who acquiesce in it. Translated into the political sphere: The Greens want to show how closely they can come to skirting along the fringes of the Constitution; their rotating deputies are sacrifices of their party. It is up to the citizens to recognize what sort of creatures the Greens have become-- perhaps quite innocently--whom they elected in 1982 and, perhaps, will not elect again in 1986. In this way as well a state trial which had apparently been won can be lost after all.

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POLITICAL

GREECE

FACTUAL, ALLEGED CHANGES TO OCCUR IN NEW DEMOCRACY

Structural Changes Planned

Athens I VRADYNI in Greek 6 Jun 85 p 1

[Text] Radical changes in the structure and manner of functioning of his party were heralded by the chairman of the New Democracy, Kon. Mitsotakis, while speaking yesterday to the chairmen of the nome and local committees of the Attiki Plain.

In an analysis of the results of the elections, Mitsotakis noted that "today we have the paradoxical phenomenon where a party which lost in a formal sense--the ND--is optimistic and aggressive, and a party which formally won, namely PASOK, is shut up in its shell, aside from a few people who are howling and occupying themselves with shabby actions." Mitsotakis added that "all of us will continue the struggle, standing tall, with an even higher morale and with the same determination. For us there are no summer vacations or fair-weather respites. For us there is only the just struggle for democracy and Greece."

In reference to the new effort which he is launching "at once," the chairman of the ND pointed out that there will be organizational changes made for the purpose of successfully waging the struggle within and outside the Chamber of Deputies. "Basically," stressed Mitsotakis, "we will shift our opposition activities to the mass movement, to the grass-roots level. Because this is the language that PASOK understands. Those in PASOK are not persuaded by any dialogue, which they avoid in any case."

According to reports, the decisions of Kon. Mitsotakis on engaging in an aggressive opposition activity are being coupled with a reorganization of the party machinery, with the aims being:

A general presence on the part of ND deputies in the sessions of the Chamber of Deputies, and their forceful presence during the debates.

A mandatorily enjoined campaign each weekend by deputies in the areas of their constituencies, and a briefing of the party's chairman with respect to this activity.

Relieving the deputies of any party work so that they can devote themselves with undivided attention to their jobs.

Staffing the organs of the party with meritorious and time-tested officers whose experience has been significant and whose previous contributions to the party are recognized. According to reports, it is within the framework of this decision that Angelos Bratakos was chosen for the post of party general director, following the election of retired admiral I. Vasileiadis as deputy.

Activation of the special party organizations for conveying the party's positions to the places of work.

Organizing the congress, which will take place sometime next October.

Restructuring the Parliamentary Task Groups in order to better monitor the government's activity.

Alleged Internecine Clashes, Groups

Athens TO VIMA in Greek 9 Jun 85 p 5

[Article by M. Dimitriou: "'Gods' and 'Demons' Are Provoking the Splitting of the New Democracy Party"]

[Excerpts] A short 24 hours following the Sunday of the "new 4-year term of PASOK," the possibility that the New Democracy Party may split up is no longer--as certain people still believe--just in the imagination of the opponents of this faction.

This possibility exists, and in fact it is a very strong one for the first time.

The idea of splitting the party for the sake of creating two party bodies is beginning to seriously engage the attention of leading figures and many deputies of the New Democracy, however little they have publicized these opinions so far.

This possibility is not closely tied to the refusal of Mitsotakis to withdraw from the leadership of the party or to the election defeat. What this possibility is connected to above all are the prospects of the "middle-class camp" in the future and a vision about holding administrative power.

Specifically:

From the viewpoint of the entourage of K. Karamanlis, the creation of two middle-class parties, a traditional and a modern conservative one (but based on the ideological tenets of Karamanlis since 1974) is emerging as the only alternative the "middle-class camp" has for the future, especially if the PASOK government institutes the system of simple proportional representation.

According to the "entourage of Karamanlis," if A. Papandreu institutes the system of proportional representation, this will be a sign that in 2-3 years he will want to be elected president of the Republic, and in that case there will soon appear a political charter different from the present one.

In confidential statements made by him in recent days, the "second in command," K. Stefanopoulos, is reported to have declared that in the (scheduled) party congress in October he will strongly raise the issue of the (unavoidable) creation of a "populist party on the Right." He believes--as we will see below--that he will be forced to proceed to the formation of such a party.

Also of a similar character is the centrist thinking of the group of old-line "restorative" deputies, in the frequent discussions which they have had in recent days. They have Andreas Andrianopoulos and Vas. Kondogiannopoulos as their "theoretical representatives," and Nik. Kalteziotis and K. Giatrakos as their "men in charge of organizational work."

These deputies agree in principle with the opinion that "we need to disengage ourselves from the entire past of the Right up to 1974, just as Andreas Papandreu and PASOK disengaged themselves from all the sins of the Center Union," and moreover that "we must have persuasive things to say about new matters."

The basis for all these speculations is that the present leader of the ND, K. Mitsotakis, not only will refuse to resign but also that he will try to direct the party machinery by using people who enjoy his confidence, in order to establish his personal power. But the judgment is that this power by no means will guarantee "hopeful days" for the ND.

These tendencies are characterized not so much by the desire to have Mitsotakis brought to the point of withdrawing, with himself creating the split, as by the fact that they are tendencies which are "unavoidably centrifugal."

The barrage of expulsions with which the "questioners" of ONNED [Youth Organization of the New Democracy] were faced, as well as the threats being hurled from the offices on Rigillis Street that "whoever stirs up trouble will be expelled" are reinforcing the conviction of the Stefanopoulos circle and the "restorative" deputies that "a clash with Mitsotakis is inevitably coming, and at the congress the chasm is going to become unbridgeable."

On the other hand, there are certain more cool-headed deliberations--such as from the entourage of E. Averof and Georgios Rallis--the main characteristics of which are the recommendations on maintaining inner-party unity and clearing up the inner-party issue in September, and in any case before the "scheduled Congress."

A wait-and-see attitude, with the exhortations "unity, renewal, struggle," is also being recommended by Miltiadis Evert, who some time ago expanded his staff with professionals from the camp of the KKE-Interior (!), his reasoning being that "these have more ideas and more brains than many of our own"(!)

For his part, Giannis Boutos is still noncommittal publicly, and although he gives assurances that "I am dealing with Mitsotakis openly and straightforwardly," he seems at last to have intensified his conviction that in the future simple proportional representation or (and) the great problems facing the country will create preconditions for new circumstances, new configurations, and for coalition governments.

Splitting and Shattering

In contrast to what happened when the leadership of Averof was questioned, today in the camp of the ND there are leading figures and deputies who no longer consider the maintaining of inner-party unity to be the "holy of holies." The possibility that these thoughts, movements, and inclinations will lead to the definite splitting of the party by the end of 1985 is something which nobody can exclude. In fact, on the contrary it seems at present to be a scenario with quite favorable odds.

Nevertheless, if events do head in such a direction, the shattering of the New Democracy Party would be very probable, rather than its division into only two parties. And this is because there are appreciable and frequently unbridgeable differences with respect to the new image which should be acquired by any new party, and with respect to "the mistakes and the liabilities" of the past which should be rejected, or the "liable persons" who should be excluded.

The "circle of Karamanlis" believes that at present the party's greatest asset is post-dictatorship Karamanism as centered in the "democratic premiership" of Georgios Rallis. According to the same assessments, Rallis is the only one who can successfully lead a core group of social-democratic and "enlightened rightist" deputies, who--it is hoped--can join forces with either officers from PASOK or any discontented groups of people in its constituency.

For the circles surrounding Karamanlis, any hopes the "middle-class camp" may have to again come into power in the government (within the framework of a bipartisan middle-class coalition) presuppose depriving PASOK of officers and adherents, with the main agency for this being a "modern center-right" party that will be able, particularly on issues of day-to-day democracy and institutions, to "successfully confront PASOK, and in fact with a persuasive history of running an administration." This party would be able to cooperate with an old-line rightist party which could amass 15-20 percent of the votes, compared to 30-35 percent for the former.

Rallis is reported to still be noncommittal, and the deputies in his confidence are said to be maintaining a wait-and-see attitude with respect

to everything (An. Papaligouras, G. Souflias, Nik. Anastopoulos, D. Livanos, and others).

For his own part, K. Stefanopoulos seems on the one hand to be pessimistic about the "approaches to the guidance of the party" which Mitsotakis is planning, but also about the ability on the part of many deputies to find "a correct solution" to the leadership problem of this faction. The entourage of Stefanopoulos regards it as almost given that there will be a renewed undermining of the deputy from Patrai by the majority of "Averof" deputies and an undisguised hostility--in case of resignation or expulsion of the present leader--from the "Mitsotakis followers."

In light of his bitter experience in the past and also the personal ambitions which certain "former Stefanopoulos followers" have developed, Stefanopoulos is unable to entertain well-founded hopes that he will be chosen as the fifth leader of the ND. The problem that preoccupies this 59-year-old leading figure who is "second in command" in the ND is how long he--as a mere parliamentary representative--will continue to be the "forwarder" of the decisions of each successive leader and how long he will be seeing responsibilities parceled out which he does not have.

In the recent meeting of the Political Office, Stefanopoulos had strong disagreements with (among other things) the "nebulously liberal" proclamations of Mitsotakis. He asserted that the attempt to attract centrist voters has failed and that the bulk of the party's rank and file remains rightist, and he concluded with the aphorism "I myself am and remain a rightist." In addition to certain deputies loyal to him, Stefanopoulos figures that a "true-blooded rightist party" can enlist in its ranks the "circle of those faithful" to K. Papakonstandinou and most of the former ministers and deputies who were "done in" by Mitsotakis--about 100 in all.

His fervent supporters, headed by Dim. Vrettakos, affirm that "Kostis is the most honorable and most upright of Greek politicians, and we will follow him in any of his decisions."

The "anti-plutocratic image" of Stefanopoulos is the positive element for the "former Stefanopoulos" deputies, but for them this also has as its negative pole his "old-time rightist" perceptions. The deputies in this category--who have had "working luncheons" at their hangouts in Kolonaki, the "Zerevien" and "Elliniko" and evening meetings in the northern suburbs--regard it as a necessary condition for the future ND and above all the new party configuration for it to be "populist" and in equal measure for it to have "made a break with the ideas and persons of the past."

According to reliable reports received by TO VIMA, these perceptions have been concurred in up to now by the deputies Andreas Andrianopoulos, Vasilis Kondogiannopoulos, Nikos Kalteziotis, Giorgos Misailidis (who is accused of "toying around and not being very 'loyal'"), Kostas Giatrakos, Theofilos Gatsos, Diakos Manousakis, Apostolos Kratsas, Vyron Polydoras, the "agrarian of the group" Pan. Khatzinikolaou, Kostas Prindzos, Anna

Psarouda-Benaki, the former deputies Kostas Sapsalis and Froso Spendzari, and others.

According to the ideological "platform" of this group of deputies and officers, what needs to be particularly stressed is the social character of the present or new party configuration, its severance from the mistakes and negative events of the past, and its positive attitude toward social, economic, and (certain) political actions by PASOK.

This group has broken off its ties with Stefanos Manos, who is accused of being "in favor of the unadulterated liberalism of the market alone" and who has gone over to the circle of K. Stefanopoulos. Most of these deputies have a rather pessimistic view of the possibility of a withdrawal (especially a voluntary one) by Mitsotakis from the party, and on the contrary they reproach him with "appointing his own guardians, whom he turns against us whenever we question him openly."

They have a similarly pessimistic view of the prospects of a new ND leadership on the part of G. Rallis, which they regard as "the best possible solution today." And so they have renewed their ties with Miltiadis Evert, who is considered to be a more powerful team leader in the wake of the elections. The restoring of relations with Evert occurred when it became known that this former minister of finance forcefully and successfully pressured Mitsotakis to use in his Athens speech (in contrast to the initial draft of the speech by St. Manos) pro-labor and populist emphases and to announce the abolition of the "anti-democratic" Article 4.

Within the framework of this crusade of "anti-plutocracy and the political tenets of the Right only after 1974," most of the "restorative" deputies refuse to include in their group such deputies as G. Papagiopoulos, Akhilleas Karamanlis, and Giannis Kefalogiannis, as well as "branded" old-line rightists, or those "controlled" by "other political centers," such as G. Bougas, Pavlos Sarlis, Ar. Tsiplakos, and Nik. Gelestathis. They even exclude Stavros Dimas, despite the fact that they acknowledge in his case that he meets all the necessary prerequisites.

At the same time, they have kept away from the old "team leaders," primarily Giannis Boutos--who is otherwise regarded as supporting the restorative cause--because they assert that "we do not work for anybody or against anybody." For the present, they are establishing contacts and meetings on a regular basis, are expanding their areas of concern, and are publicizing their views about the election defeat of the party--a thing which is giving rise to annoyance in the offices on Rigillis Street.

Nevertheless, this group that TO VIMA is revealing today has many ambitions, and its inclinations toward "parthenogenesis and ideological purity" are so great that they threaten--as one of their critics asserts--"to remain their only children or to exist only in words, as was the case in the past."

Finally, in the search to ascribe blame one ends up apportioning blame to everybody for the mistakes of the past (even to those of the period 1974-

1981), and since almost all the deputies and leading officers are creatures of this past, they themselves cannot be the best appraisers of it, above all to one another.

The idea of a split or the creation of two large party configurations which is beginning to prevail at all levels of the New Democracy is surely due to the overall (ideological, socio-political) crisis experienced by this political configuration following its third election defeat, and its obscure future leads to concerns that it is not impossible for the same separatist conditions to be kindled as happened in the camp of the Left following 1950.

Precisely these tendencies, from the "entourage of Karamanlis" to the discussions in the northern suburbs about a new party or a "new Gonzales," are taking on explosive dimensions as Mitsotakis regards the election result as a "victory for the ND," with a corrective course being necessary only in what concerns issues of technique and organization.

These explosive tendencies, the sort of "civil upheaval" that is being generated, exist not only in the allusive public statements of the deputies, in the inner-party crisis of ONNED, in the decision of the "Stefanopoulos supporters" and "restorative" people to ask Mitsotakis to convene the Parliamentary Group next week, but also in light of the very deep psychological division which has formed within the heart of the party.

Just yesterday, the entourage of Dim. Vrettakos asserted that "by orders" from on high his statements on the election result were not published in an afternoon newspaper. In these statements he found fault--among other things--with Athan. Kanellopoulos (for "bossism in the environs of Athens" together with a neglecting of his electoral district) and with Giannis Varvitsiotis (for "despotic behavior" in the Athens Second District).

Stefanos Manos is attracting the fire of the circle of Miltiadis Evert and also of the entourage around Mitsotakis and the "restorative" people because of his faulty way of handling things as the person in charge of the election campaign, "with the American canned food of (Sogier)."

Mitsotakis is under fire from almost all the deputies and officers, but his associates retort that "only in Crete did we have a satisfactory advancement, not in Kalamata, in Ioannina, in Pyrgos, or in Patrai."

The "rightist" critics of the ND leader respond that "we elected 10 outside deputies without receiving a single centrist vote, and for these we dumped persons with influence, such as in Aitoloakarnania, Karditsa, and Serrai."

Others again, such as the "questioners" of the ONNED, are strongly disputing the claims of Mitsotakis that "I am backed by the 2,600,000 persons who are our adherents," and they are calling for his resignation in the name of "the betrayed rank and file and their genuine champions."

These divisive phenomena are intensifying, and surely they cannot be concealed, not only in view of the third election defeat but also in light of the specter of a fourth such defeat.

POLITICAL

GREECE

PASOK HARDLINERS REPORTEDLY HOLD UPPER HAND

Athens ENA in Greek 20 Jun 85 p 9

[Excerpts] In PASOK, after four years in power, there are now groups which express diametrically opposed proclivities.

The few bits of information about works under development in the PASOK party area do not alter the original estimation that the prime minister wishes to cover up all the proclivities, offering the argument that the people "entrusted the new four-year term to Andreas personally." And, in this sense, the few bits of information reaching journalistic offices acquire significance.

Without it having crossed their minds that such a task "was entrusted to them," three groups within the government and PASOK are working out the new scheme of the council of ministers.

Akis Tzokhatzopoulos, who was first in line to be anointed minister, "envisions" a 20-member council of ministers in which he himself will have exclusive control of the public works, public utility and labor sectors.

Kostas Laliotis supports the separation of "state and party." But in his own scenario, he wants a broad sector, including communications, information (propaganda) and the "successful young generation sub-ministry" under his own group's control. He himself does not appear to be seeking a minister's seat. He prefers, within the separation of "state and party," the position of secretary of PASOK.

Menios Koutsogiorgas, refuting those who "seek" his removal in order for "the government to change its persona," is planning a council of ministers in which he himself will have absolute control both in the public administration and local self-government and in public order and information.

It is certain that the "powerful" in the government and PASOK are pressing for their own suggestions to be given preference. And until "Andreas speaks," as a minister says, "everyone will plan and everyone will hope." And, of course, the ministries will be transferred from one "super-ministry" to another.

Nevertheless, the information that "decisions have been taken in Elounda" was transmitted from many sides. This information "gained ground by desire." Namely, that G. Arsenis secured the super-ministry of economy and programming, but Andreas is "wedging in V. Papandreu," that an unconventional ministry of "invisible receipts" is being formed, with the establishment of sub-ministries

of shipping (others in PASOK are urging that it remain an autonomous ministry), tourism and emigrants, that the Ministry of Civilization will in the end remain autonomous, thanks to Melina Merkouri, and that the president of the Chamber of Deputies, I. Alevras, is suggesting M. Koutsogiorgas be removed from the government.

All of these or some of these could turn out to be true. What is now certain is that the implacable partisans seem to have the strongest voice.

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POLITICAL

ICELAND

BRIEFS

TOUGHER ON OVERMANNED EMBASSIES--The scale of foreign diplomatic activities in Iceland should be confined to "within reasonable limits," in accordance with a resolution passed by parliament last month. Based on a unanimous proposal by the all-party parliamentary committee on foreign affairs, the resolution calls upon the foreign minister to monitor the extent of such activities and take any necessary steps if they appear excessive. [Text] [Reykjavik NEWS FROM ICELAND in English Jul 85 p 24]

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POLITICAL

NETHERLANDS

KOK, DEN UYL COMMENT ON POLITICAL ISSUES

Den Uyl on Coalition

Rotterdam HET VRIJE VOLK in Dutch 12 Jun 85 p 4

[Interview with J.M. den Uyl, head of PvdA [Labor Party], by Henk Brons and Yvonne Zonderop; date and place not specified: "Den Uyl--'With This Cabinet's Policy We Can Forget about It.' The Poverty Resulting from Lubbers' Squeezing Via Buying Power"; all ellipses as in original]

[Text] For the first 10 minutes of the cassette tape there is nothing but mumbling and the sound of his cigar lighter. It is Monday morning, and the leader of PvdA, Dr. J.M. den Uyl, decides after the opening question to work through a thick file first after all. "CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy] are panicking," he suddenly bursts out. And at once we go abroad: "In West Germany too the right does not know what to do. People like Strauss are beginning to plead for employment programs."

An interview with a man who can quite calmly name five or six very fine possible successors but will not reveal until around the opening of Parliament whether they will have to cool their heels for another 4 years. About the cabinet of lost opportunities. About the lowest paid people's buying power, which will be increasing smartly if PvdA gets into the Catshuis. About fines for not investing. About the very real risk that next year PvdA will win the elections and lose when the government is formed. And about the contribution of the Buitenveldert weekly market to solving the unemployment problem.

"Tricks with the elections in mind," is den Uyl's reaction to the statement of Prime Minister Lubbers, who plans with the present cabinet's policy to push unemployment below 500,000. "In practice this policy has cost billions in investments and in growth. That policy has cost us an exceptionally heavy price in the form of the highest unemployment in the European Community. Lubbers is now trying to trip up PvdA under false pretences. It is a cautious attempt to protect the Achilles heel of his own policy. People are very reasonably talking about an about face. But Lubbers is making the same mistake as West German Chancellor Kohl: with a little pinching from the Left's plans they think they will make it all right.... [Ellipsis in original.] It is time for another policy, after this cabinet of lost opportunities."

[Question] That sounds splendid, but PvdA does not have much room to work in either. What will your party do differently?

Den Uyl: Speed up economic growth, stimulate investment, and thereby jack up spending. We are not interested in tax reductions for business à la Lubbers. We want to reduce the WIR [Investment Account Law] premium and in part do away with it. Further, I have it in mind to cream off excessive growth in profits.

[Question] Cream off profits? How?

Den Uyl: Well now, "cream off," that sounds so.... Well, just look here, Dutch business finds itself with a large financial surplus. They invest little and keep fantastic sums in cash. Investing or saving without any risk is tremendously attractive for them. The real interest rate, with prices not rising much, is so high that without doing anything companies are earning five to six percent profit on their capital.

You can see it happening all around you. Companies are running around looking for real estate. As soon as a building is put up, someone buys it, if the General Civil Pension Fund has not already done so. That is very unhealthy. We are looking for ways to encourage firms and institutions to invest. One possibility would be a variable rate in business taxation. Companies that invest would have to pay less than those that hoard their money. That does not seem unreasonable to me.

[Question] How does PvdA plan to bring down the mass unemployment?

Den Uyl: The very first thing is that the economy has to grow faster, that is the key to everything. Extra growth of 1.0 to 1.5 percent a year gives you 5 to 6 billion guilders extra to work with. That money is necessary to speed up the faltering process of reducing working hours. If buying power is not maintained or increased, the enthusiasm for shorter hours disappears. We want to keep rents and natural gas prices in check, no longer to put civil servants on the spot without any shame. How can you cut civil servants' salaries and at the same time demand that they make sacrifices to shorten the work week?

The suggestion in the CDA's draft election program--that in 1990 an average work week of 34 hours will be achieved--is nonsense when you see that the cabinet is blocking the 36-hour week for 1987. And yet a work week of 32 hours is certainly achievable by 1990. And it is vitally necessary, if we want to really bring unemployment down. With this cabinet's policy we can forget about it. I have every reason to suppose that in 5 years from now we would have at least 850,000 unemployed. The Central Planning Bureau thinks so too.

[Question] You are assuming, we see, a yearly economic growth of three percent. The CDA is putting it for the time being at two percent. Will that three percent be put into the election program?

Den Uyl: Oh, it is still too early for that.... We are still fully engaged in putting the program together. If you use that three percent figure, then you also have to say precisely how you plan to achieve it. At this moment we do not have the data for that.

[Question] By itself the Netherlands cannot achieve terribly much. You have been hammering for years now at the need for a European-wide policy of stimulation. Others too--CDA, the Central Planning Bureau--are beginning to get enthusiastic for that. But nothing happens.

Den Uyl: Yes, it is absolutely necessary, now more than ever. The recovery in the United States is coming to an end, the United States is no longer a locomotive for the rest of the world. CDA has so far paid only lip service to the idea of a European-wide approach. Lubbers has never yet played a powerful role in Europe. CDA leader De Vries pressed for a European-wide initiative 2 years ago. Since then nothing more has happened. Now he is beginning to bore us with his talk that there does have to be some stimulation after all.

The Netherlands does possess some strengths but makes no use of them. In Europe things could be done if people wanted to. With Spain and Portugal entering the EEC, the socialist influence is growing stronger, and that helps too.

[Question] As long as Germany and England are governed by people just like Lubbers, that of course is just a drop in the bucket. Would PvdA not do well in this regard to warn against exaggerated expectations?

Den Uyl: If Europe does not join hands, there is no hope at all. We cannot go on watching passively now that the boost from the United States is falling off. If we do, I cannot rule out the possibility of a new recession. That would be a disaster. The Netherlands cannot pull itself out of the swamp by its own hair. You would have to come up with expensive emergency programs and would never reduce the budget deficit. An emergency situation like that calls for extraordinary solutions. Like setting up exchange jobs for the long-term unemployed, so that after 2 years at least they would get a job while others took their turn waiting. I definitely do not rule that out.

But for the time being we have not gotten to that point. We have to put all our effort into a program of expansion to promote growth. Do not forget that this year spending is at the same level as 8 years ago. Some poverty has arisen, we demonstrated that too with our brochure "Believe Me, This Is Poverty."

[Question] De Vries sometimes sneers that you will not do away with poverty if you come to power in the near future. You will, he says, refresh yourselves with the sweet fruits of the cabinet's policy and not do away with the painful measures.

Den Uyl: We will not do away with poverty all at once, that is true. We will first lay the groundwork: the lowest-paid must not fall further behind,

and the link between incomes and welfare payments has to be restored. After that it will be possible gradually to improve the buying power of the people at the bottom. And that is necessary, when you consider how much those earning the minimum and those unfit to work have sacrificed (10 and 25 percent respectively; editor's note). That has to be reversed, partly so.

[Question] What exactly are you thinking about?

Den Uyl: If the economy grows by 2 to 3 percent, there is room for a buying power injection of 1 to 1.5 percent a year. In 4 years' time the incomes of the lowest-paid would increase by 4 to 5 percent in that way. That would do away with part of the new poverty. I think that is very essential.

[Question] Would that not also help do in the shorter work week?

Den Uyl: Admittedly it does carry that danger. We must of course be very cautious about it. But if the economy grows by three percent a year, you can do the following: use one percent to reduce the budget deficit, one percent to finance the shorter work week, and one percent to increase buying power. Now, I am talking very roughly, you know. When we present our election program in August, we will fill in more details.

[Question] Talk about restoring buying power will do very well in the campaign, it sounds more attractive than holding incomes level for 4 years, which CDA supports. But still it is different from undoing 4 years of Lubbers.

Den Uyl: Yes, just listen for a minute. I cannot bring back the growth that has been lost in the past 4 years. That is my reply to De Vries. The 20 to 30 billion guilders that we could have had has been lost forever. I have to start from the beginning, almost. The Netherlands has been turned into a land of stagnation by the policy of the past years. By way of additional spendable income we will attempt to undo as much of that policy as possible. It can be done! But I cannot just say "upsy-daisy."

Differences in incomes definitely must not grow larger. Possibly it is even necessary to reduce them a bit more between the minimum and 1.5 times the average. For incomes over that, we will not be gentle about preventing the difference between rich and poor from growing larger. Profits are increasing enormously, and through the incomes from profits so too are the incomes of many people at the top. It cannot go on like that. If De Vries says, "Look, they are not undoing everything," I find that very childish of him. We cannot do everything, and certainly not all at once.

[Question] The Planning Bureau is very sceptical about further shortening the work week. Of the work time that is freed up, still less than half is filled up again by new people, according to the official statisticians. Is the shorter work week not an expensive way to create work?

Den Uyl: Do you know another way to do it?

[Question] Help more people get a job with the government in non-commercial services.

Den Uyl: Eh, Nijpels says the opposite: 200,000 fewer civil servants would be just fine. I am against jacking up the economy by such means. You will have to keep the fourth sector (civil servants and trend-followers; editor's note) at a high level and on the balance let it grow in the coming years. In child-care, research at the universities; that is where I see the possibilities. On the other hand, you will have to do something about the total displacement of employment.

Further, there is work to be done in fighting crime. The cabinet sets aside 340 million for new prisons and only 45 million for crime prevention. That attitude is no good, it has to be done differently. It would be good to reverse some of the steps on the automation path. Cameras can be replaced by flesh and blood guards, robots exchanged for people.

On the balance I see some tens of thousands of additional people finding work in the quaternary sector in coming years. Not nearly enough to push back unemployment. For that you need growth and the shorter work week.

[Question] Do you see no other possibilities?

Den Uyl: I foresee great possibilites for the self-employed. In that category there are 300,000 fewer than 30 years ago: there is every opportunity for a reverse development. The value-added tax on services should be reduced or even, who knows?, done away with entirely. In repair work, advisory services.... You also see a growing number of market stalls. In the past you found market people only in working-class neighborhoods, but now you find them even in areas like Buitenveldert. It must be possible, 100,000 to 150,000 additional self-employed in 4 years.

[Question] The bulk of people without jobs will thus have to look to the shorter work week for work?

Den Uyl: The shorter work week with [emphasis in original] the freed places being filled up again. If companies cannot sell any more, they will have little need for additional employees. More growth, more spending, once again that is the key.... And we will have to make better use of our possibilities. Take the waterworks sector, for which we have built up quite a reputation. Why do we not enter markets abroad with a semi-government firm, now that the projects in the Netherlands have been finished off? You might consider using money from the Ministry of Development Cooperation. With a disaster like the one in Bangladesh we sit passively by, when a 150-kilometer dike would make such a disaster impossible in the future. This cabinet does not get down to such planning. When you are absorbed in caps and pruning, that uses up all your creativity.

[Question] How big a chance do you think there is that next year PvdA will enter Parliament with 60 seats and an enormous hangover; wins the elections and loses when the government is formed?

Den Uyl: There is that risk, it is a very real one of course. With our campaign, our policy, by maintaining the unity that is present in a high

degree, we will have to convince people that it does not have to be this way. We all of us know the main points that are at stake: speeding up growth, the 32-hour week in 1990, pricking the balloons that come over as especially false--next year cutting 8.3 billion guilders and then after that all at once 2 to 3 is just plenty. What is good for 1987 cannot [emphasis in original] be bad in 1986. I do not think that people will fall for that. Regulations on people sharing a household, chaos with the AOW [General Old Age Insurance Act], we have to get to work on reforming the system. That is the reality, and they cannot keep on talking around the subject. Nuclear weapons, nuclear generators, Star Wars...points that the cabinet is messing up terribly.

[Question] The question was: will PvdA govern or will it be left out?

Den Uyl: A PvdA and CDA government is a possibility. How big a chance there is? No, no, I am no gambler; I know that very well, people have always told me it was a bad thing. There is also the possibility of going with VVD, although that is not looking any more spectacular lately. That they deliberately torpedoed a report like the Polak Committee's, which really had very reasonable things in it, that proves how dogmatic, how far to the right that club is, and also how short-sighted, how petty. Well, that does not make it attractive. But we will not give up on the possibility, because nothing says we have to give CDA a leg up.

[Question] If you consider how CDA is now binding itself hand and foot to VVD, well, there is actually already talk about a two-way division in politics.

Den Uyl: That already exists to a considerable degree. But we will try to pry the two parties apart. After the election the choice is either to go with VVD or to go with CDA. Or they carry on again as at present. In that case we will attempt to break through, and I am not without hope that we will succeed. Then there is also the possibility of passive support from the small parties of the Right, the Staphorster variant. I find that a horrible possibility, and they are clearly playing with it in those circles. Well, you just have to try it.

[Question] Last question....

Den Uyl: Brrr...not about the succession, please.

[Question] Well, your presumed successor is now known. Wim Kok says that he wants to be on the PvdA list. Is this not the time to declare that you will be heading the list?

Den Uyl: No, listen, that does not depend on Kok.

[Question] We like the idea of getting it all in one report. Besides, the FNV [Netherlands Trade Unions Federation] people already know that they will not be paying to give Kok a leg up.

Den Uyl: Why should I allay criticism in that regard? Besides, Kok does not at all want to head the list.

[Question] Exactly, that is why you need someone to do so.

Den Uyl: There are quite a lot of other possibilities, some five, six of them. I am an old man, 66--no, 65...I have already done so much. Thus I am still waiting for younger people--"the man who came in from the dark." [English in original.]

[Question] Is there a good reason to let this uncertainty continue?

Den Uyl: No...but it is still a year before the election. It is still not known who will head the CDA list, some say Lubbers.... It is still not known who will head the VVD list, most say that Nijpels is impossible.... For D'66 [Democrats '66] we still do not know, the small parties of the Left still do not know.... Why should PvdA be the first, and besides, the congress does not decide until February.

[Question] Lubbers and Nijpels have clearly already begun the election campaign.

Den Uyl: Yes, well.... I am not saying either that I will put it off until February. We first have to have a good program, and then I will take a look to see what can be done. That will be around the opening of Parliament.

[Question] Would you just name that list of good candidates?

Den Uyl: Oh, there are so many of them: Ed van Thijn, André van der Louw, Jos van Kemenade, Marcel van Dam, Thijs Wöltgens, Wim Meijer....

[Question] We cannot help noticing who you are not naming.

Den Uyl: Oh, yes, and Max van den Berg, of course....

Kok on Political Aspirations

Rotterdam HET VRIJE VOLK in Dutch 12 Jun 85 p 4

[Interview with Wim Kok, chairman of FNV [Netherlands Trade Unions Federation], by Peter Van Eijkelenburg; date and place not specified: "Kok--'Happiness Does Not Depend on Becoming a Minister'"]

[Text] As open as he was about his job at the trade unions' central organization FNV, he was always equally private about his personal life. Wim Kok wants to keep up this separation in his upcoming job as member of the Second Chamber of Parliament for PvdA, although he realizes that it may well be necessary for a politician to reveal a bit more of his personal life if he wants to keep in the voters' good graces.

However, he still points out the many politicians that never had to make such a concession. And he replies in concrete terms: "A tug-of-war in

the Battle of the Stars, I do not really like that idea. And besides my muscles are not that great. And an interview in PLAYBOY? Am I really not for that either. Not even if it were only about my work. To get me to do that my press officer, even in my present job as FNV chairman, would have to come up with really convincing arguments."

Just do your work, no crotchets. That has been and still is Wim Kok's motto. He hopes to find a small place for himself in the PvdA group in the Second Chamber of Parliament. Says he really is not out for a job as minister.

"I am totally opposed to the idea that has prevailed recently, that being in the Second Chamber is not a serious matter, that it is just some sort of secondary ornament. I certainly do not have the feeling that my being happy depends on becoming a minister."

"Just look at Den Uyl. Who has held all the positions--minister, prime minister--but still was and is a thoroughbred parliamentarian too. Surely that is a model and not an exception? Lubbers is the same way in fact. Minister, party leader, prime minister, we still do not know what he will do in the future. I believe that a politician should do as Vondeling always said: be ready to strive for power, but also be ready to sit in Parliament."

Wim Kok reacts somewhat bitterly to the first compliment he received this week as an aspiring politician. DE VOLSKRANT attributed a "high moral standard" to him, because he was prepared if necessary to sit for 4 years in the opposition in Parliament. Instead of seeking out a secure alternative position and then when the time was ripe, moving straight over to a post as minister or to some comparable post higher than that of "mere" MP.

Kok: "I find it rather alarming that something like that should now suddenly be thought of as of a higher moral standard."

Being an MP is not at something to look down on, Kok thinks. He in any case wants to make more of it than just to ask a couple of written questions. He can get angry at the latest fashion of viewing Parliament as a secondary matter.

[Kok] "You can safely say that I think you should not look down on it, truly. I am beginning little by little to get good and mad, not because they are talking about me, but I had been noticing it for much longer already. It is a strange sort of schizophrenia. On the one hand you find that everybody wants the government to do something for them, people expect everything from democracy, the government, Parliament. But as soon as you talk about playing a role personally in that democracy, many people have the tendency to put their nose up in the air. They say: 'Surely you are not going to sit in the Second Chamber?' [Emphasis in original.] Look, the people with real economic power do not need Parliament at all. They see Parliament more as a hindrance in their way and as a ball and chain on their leg that limits them in their power. You certainly hear that businessmen refer to Parliament as a 'talking shop.'"

"In addition Parliament's prestige has not risen in the last 10 years. Who actually sits in the Second Chamber? The one-sided composition of it has been the object of criticism more than once. A lot of people from the professions and few people with a background or experience in the rest of society. But there are also parliamentarians that carry out their control function well and have a contribution when positions are decided. Just like everywhere else, it depends on the quality of the people. I am no better than the others, I am not saying that. But what I am against is the idea that Parliament is more a marginal ornament than an essential part of the democracy."

[Eijkelenburg] Kok has not really put down roots yet in politics, but he has already been welcomed with the very personal attacks that are more common in that little world than in the social-economic sector. How does he like that?

Kok: "Yes, the CDA and VVD criticism of the campaign we are waging in connection with the elections is really absurd, I do not need to say that again now, I do not think. But if you choose a career in politics, you must have a healthy dose of calluses on your soul, that is true. And if you have such a thick skin that you never feel it at all, that is not good either. Because then you miss all sorts of signals if something is not going well. But I have, I think, gotten very used to negative publicity, and also to criticism that hits below the belt, and it has not made me cynical."

[Eijkelenburg] Kok explains the fierce reactions from CDA and VVD as mainly being caused by those parties' nervousness.

[Kok] "Although they ought to be pleased that FNV now clearly attributes great importance to the political decision-making process. We want to talk with the parties. But their getting so nervous now may indicate that they do not dare venture on that dialog. Or that they think we are not interested in a genuine dialog about the policy to be followed. Strange, because our own program clearly calls for precisely that. People should be striking a business-like note on the subject of their future position, instead of wrangling about FNV and PvdA supposedly being hand in glove and about the supposed going-away gift of three million for Wim Kok."

[Eijkelenburg] Top dog for 12 years at FNV, then going into politics and not even wanting to angle for a job as minister. But being one out of many in the large PvdA group for 4 years certainly cannot be his real ambition?

Kok: "Watch it with that 'top dog.' As chairman you are the personification of FNV, of course, but responsibility is spread through the organization. Do not forget the policy people, who often know more than I do, in their area. I think it is a mistake to contrast Wim Kok in the union movement with Wim Kok in politics, like black and white."

A New Hat

"As for being top dog here and part of a nameless mass there. I hope that after the election the PvdA group will be very large, so that I will have

many colleagues. And for the time being I am convinced that even in the large mass of party colleagues I will probably still have the personality to make a place of my own."

[Eijkelenburg] So it is not true after all that Kok is starting a life in politics without any ambitions, which would have been unique?

Kok: "No, that is in fact exaggerated. I do have the liberated feeling of having an entire development and experience behind me, in the union movement. That does not mean that I do not need anything more, of course not, I need many things yet. But I do not have the idea that I will only be happy if I become a minister in the shortest possible time. That is quite liberating, at least I feel it is myself. I want to learn and I am curious. The fact that I am starting another kind of work inspires me. And yet to a large extent it has to do with the things I work on at FNV too: social justice, employment, economic policy, national and international. Wearing a new hat I can approach things in a fresher way than here, where, as in every organization after some time, the sense of *déjà vu* comes to dominate over the sense of surprise."

Voting Advice

[Eijkelenburg] FNV does not want to give voting advice to its members. But is the FNV chairman's moving directly over to PvdA not in itself overly clear voting advice?

Kok: "I have great difficulty with what you are saying, I even have to object to it. That would mean that an ex-chairman of a union central organization could in fact never represent the people in Parliament. I am of course in many people's eyes a person who determines the point of view of many people, I realize that very well. That is why it is also a very personal decision on my part, which in a certain way frees me from FNV but which also frees FNV from me. I think that FNV will soon grant me the room to maneuver in, just as I will not burden FNV unnecessarily with my past. That means concretely that it is not true that FNV now suddenly is going to be very involved in PvdA."

Pie

[Eijkelenburg] Is it credible when your successor Hans Pont says that by and by FNV will judge politician Kok just as independently as politician De Vries?

Kok: "I think that it is credible, and I also hope that it will turn out to be true. That does not mean that I am asking Hans Pont to throw his first pie into my face, he can choose three other politicians for that first. For me too as a politician it should soon make no difference whether I am listening to an FNV point of view or to a CNV [National Federation of Christian Workers in the Netherlands] opinion."

12593

CSO: 3614/93

POLITICAL

NORWAY

PROGRESSIVE PARTY CHIEF HAGEN CONCERNED OVER POLL TREND

Oslo AFTENPOSTEN in Norwegian 12 Jun 85 p 3

[Article by Thorleif Andreassen: "'Drowning in Government's Self-Exultations': Progress Party's Difficulties Enticing New Voters"]

[Text] The Progress Party has no reason to be satisfied with the recent opinion polls. Support for the party has been variable and has shifted between three and six percent. If support for the governing parties increases, it seems to take away from support for the Progress Party. Party chairman Carl I. Hagen has the following to say to AFTENPOSTEN: "It has become difficult to get new voters. We are drowning in the government's and the Conservative's self-exultations. Our position is supported verbally, but not really."

[Question] "Can the figures mean that the luster surrounding the Progress Party is in danger of fading?"

[Answer] "There never has been any luster surrounding us. The figures are due likely to the stated self-exultations which are based on the single principle that everything which is going well in Norway is due to the government, while everything which going poorly is due to everything other than the government's policies. It is very good at taking the credit for the increased foreign competitiveness and in seeking big headlines about little bagatelles--as the government is all too occupied in doing."

[Question] "But isn't everything much better, though?"

[Answer] "Much is better. But there is much which could be improved. I have in mind, among other things, the lack of desocialization and deregulation by the government. These conditions are drowned out by the big headlines and praise concerning bagatelles."

Envious

[Question] "Hagen, you seem envious of the governing parties."

[Answer] "Yes, I am very envious of the control which the government has over the non-socialist press."

[Question] "But one of the areas concerning which the government has done much is to make daily living easier for people through lessened bureaucratic regulations. An example of this type is the construction law which has been simplified."

[Answer] "No, all that is involved are small changes--indeed, barely cosmetic changes relative to our proposal."

The Progress Party is the party in Norway which to the greatest extent is basing its election campaign on a go-for-broke mentality. The effort these past weeks hopefully will provide the party with a certain percentage advance. But since the party must win 15 seats in September--which was the estimate if everything went perfectly for the Progress Party and everything went wrong for the other parties--that is an unrealistic goal.

Carl I. Hagen hopes to win four to six seats. These would be from districts in Vestfold, More and Romsdal, South Trondelag, Buskerud and the second districts in Oslo and Hordaland.

Not Red Hot

[Question] "How would you characterize the mood within the party?"

[Answer] "Satisfactory. But not red hot. That will not happen until the election campaign. However, in certain places the mood is very positive. I personally hear the challenge shouted out to 'stick with Hagen' far more often than 'remove the missiles' when I am out among people."

The Progress Party's primary issues in the election campaign are taxes and costs, family policies, law and order, health policies and care of the elderly, desocialization and debureaucratization.

"We believe in free enterprise. That is a better directional instrument than detailed regulation by the bureaucrats. The competitiveness of industry will be improved through lower taxes. We will give people greater rights to make their own decisions and eliminate a lot of concessions and permits. The Progress Party would govern pursuant to the carrot principle. If we want something positive to be implemented, the situation must be made attractive in order to accomplish that. The Progress Party wants to make clear to the voters why our national health insurance scheme should be modified to a real insurance system. And we think that people are willing to pay higher premiums if they know that they can get medical care within 14 days rather than waiting for nine months."

This political proposal will be particularly worked over in these last weeks of the election campaign; but also in a separate proposal in July where good humor will be included as an important part of the election campaign on the beaches and in the cities.

The extent to which the summer's Gallup figures will make the party chairman be in good humor must remain unsaid. But what is clear is that a part of his combined vacation and election campaign will take place on a rocky reef in a borrowed or rented boat.

POLITICAL

NORWAY

CONSERVATIVE, LABOR PARTIES' VOTERS STRONGLY BACK COALITION

Oslo AFTENPOSTEN in Norwegian 14 Jun 85 p 5

[Article: "Coalition With Socialist Left, Liberals in Majority Coalition Desired by Labor Voters"]

The Labor and the Conservative parties prefer a majority government following the election in September, according to an opinion poll taken by Gallup/NOI [Norwegian Opinion Institute] for the Conservative press. A total of 49 percent of Labor Party voters want the party to govern jointly with the Socialist Left Party and the Liberals. Among Conservative Party voters, 44 percent want the Progress Party to be part of a government in order to have a majority coalition, while the center parties would retain the present coalition, a view which is shared by voters overall.

Gallup/NOI has found a trend in the recent polls which shows great evenness in the relative strengths between the governing coalition and the opposition in Parliament. "If the parties' relative strengths do not change significantly in the next three months, it appears that we are moving toward a minority government," the institute notes in its comments.

Based on this, Gallup/NOI has asked whether the voters want a non-socialist majority government which would include the Progress Party, a minority government of the present coalition, or a straight Conservative minority government. In a corresponding manner, the question has been whether the voters want a minority government by the Labor Party, a coalition of Labor and the Socialist Left Party with a minority, or a majority government of Labor, the Socialist Left and the Liberals.

It appears that only 19 percent prefer a minority government by the Conservatives alone, and the same figure appears among the Conservative Party's own voters. The figure is 32 percent who want a majority government with the Progress Party being included, while 42 percent find it preferable to have a continuation of the present minority governing coalition if there is an overall non-socialist majority in the next Parliament.

The Labor Party has received a clear signal. Only 13 percent prefer a minority government which the largest party would direct along with the Socialist Left Party. In contrast, 42 want a majority government comprised

of Labor/Socialist Left/Liberals--something which gives Odd Einar Dorum a good argument in support of his appetite to govern. The traditional line, with a minority government of Labor alone gathered support from 37 percent. Gro Harlem Brundtland can take note that 49 percent of her party's voters want a majority government composed of the three present opposition parties.

Hagen Aversion

On the non-socialist side, 44 percent of Conservative's voters would include the Progress Party, while the aversion to that party is greatest within the Center Party, where only 21 percent would have Carl I. Hagen's people join in a government. For the Christian Democratic Party, the figure is 35 percent. As many as 74 percent of the Center Party voters would continue with the present minority coalition government; for the Christian Democrat's voters, the figure is 54 percent and Conservative voters, 35 percent.

"The advantages of a majority government are thought to be well understood among the majority of the parties' voters," Gallup/NOI concludes. "The fact that the Christian Democrat's and Center Party's voters are those who are least positively inclined to expanding the government to a majority one which would include the Progress Party, is quite understandable. The influence of these parties may well be significantly reduced in a possible governing coalition which also included the Progress Party."

/The Labor Party and the Liberals should not just party together as Gro Harlem Brundtland, Mons Espelid and Hans Hammond Rossbach did at the 100-year anniversary party of the Liberals. The parties also should govern together, a surprisingly large majority of Labor Party voters believe./

12578

CSO: 3639/122

POLITICAL

NORWAY

CONSERVATIVE PARTY GAINS IN LATEST POLL

Oslo AFTENPOSTEN in Norwegian 6 Jul 85 p 3

[Article by Egil Sundar]

[Text] The Conservative Party has made a strong gain and has equalled its previous record support level of 33.5 percent according to the Gallup/NOI [Norwegian Opinion Institute]/AFTENPOSTEN political barometer for June. This noteworthy result for our biggest government party occurred at a time when the Labor Party was losing ground. A decline from 38.9 to 37.6 percent was an ominous sign for Gro Harlem Brundtland's party just a few months before the big political test of strength.

The last time the Conservatives hit 33.5 percent--the party's highest level of support in the Gallup/NOI poll--was in January 1981 when the Labor Party and the Conservatives had exactly the same support level. It remains to be seen, of course, if we will again see the two major political opponents emerge as equals in a political opinion poll. With the political and social developments we are witnessing, this might be just a question of time.

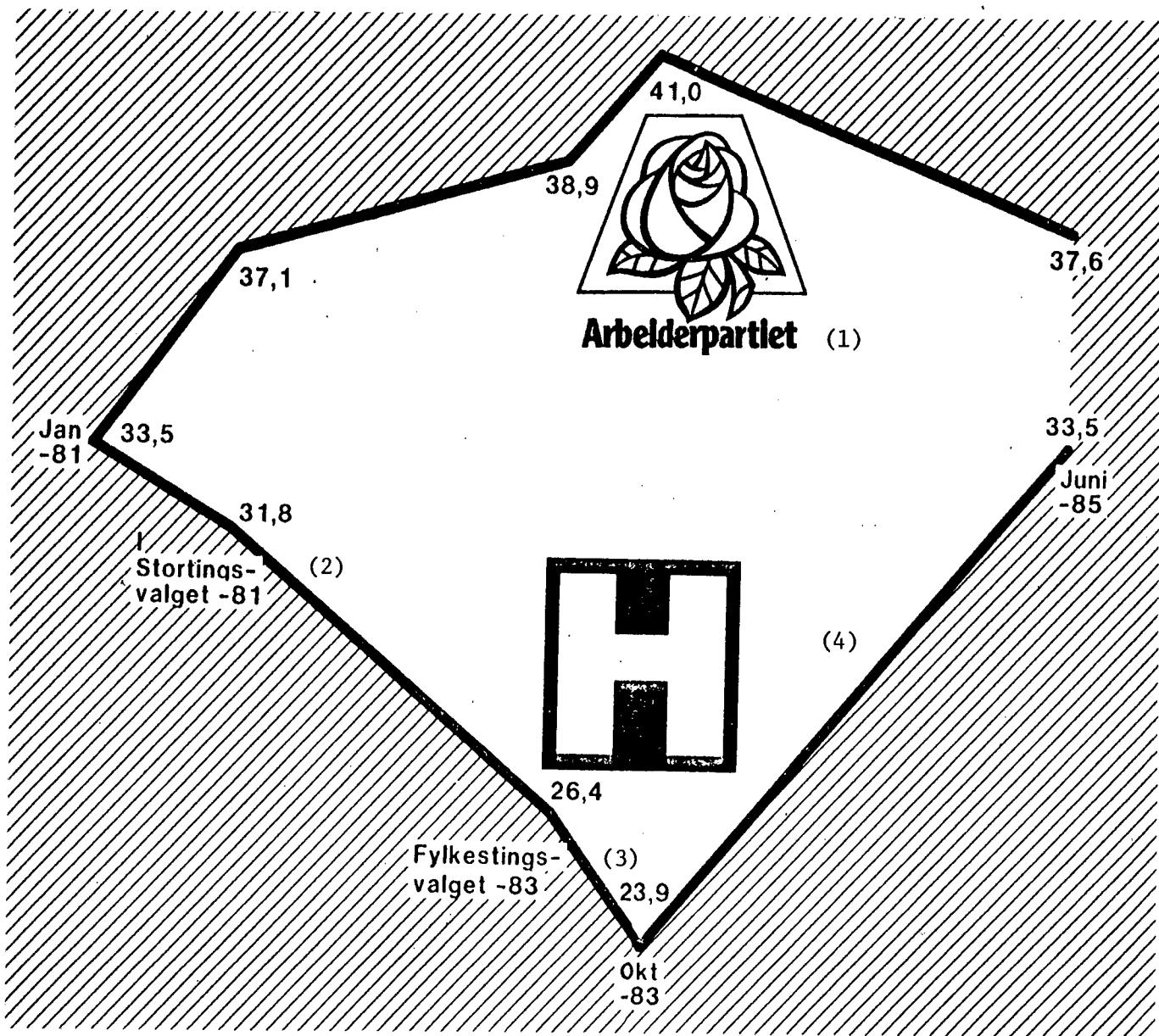
Position Strengthened

The latest Gallup/NOI political opinion poll, conducted for AFTENPOSTEN in the period 10-25 June, shows that the government coalition has strengthened its position compared to the socialist bloc. The Conservatives, Christian People's Party and Center Party have a total support of 48 percent, 0.9 percent higher than the level in May, while the Labor Party, SV [Socialist-Left Party] and Liberals have a total support level of 47.2 percent. The non-socialist bloc, including the Progressive Party, now has a total support level of 51.3 percent.

Margins

If one studies the balance of strength between the blocs one can still note that the margins are not so great that the balance could not tip again in favor of the socialists. It is important to point this out so that no one is misled into counting on victory in advance. On the other hand it must be admitted that time is obviously not on the side of our biggest opposition

party and it is not easy to think of an issue that might result in a decisive breakthrough for the Labor Party in the last stage of the campaign.



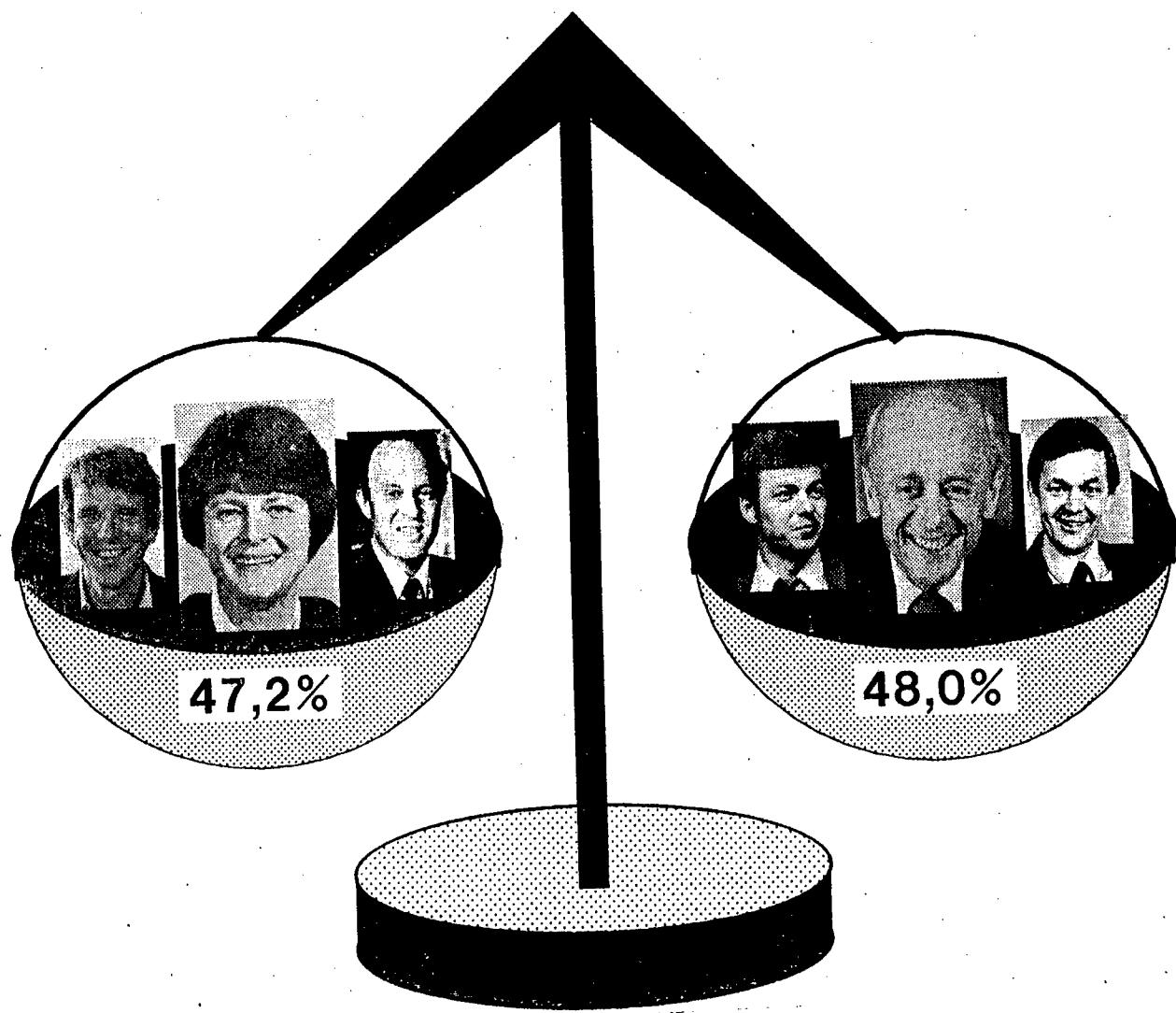
In January 1981 Labor and the Conservatives had the same support level in the Gallup/NOI barometer. The gap then increased until after the 1983 county elections, but now the difference between them has declined to 4.1 percent.

Key:

- | | |
|---------------------------|-------------------------|
| 1. Labor Party | 3. 1983 county election |
| 2. 1981 Storting election | 4. Conservative Party |

Government Election

The June opinion poll reflects a situation in which the attitude of the voters to the government issue itself, in other words to the choice between the two major political alternatives, is becoming an increasingly obvious factor. As the biggest government party and the one that is primarily associated with the nonsocialist alternative, the Conservative Party has a good chance of having a unifying effect. The fact that this is also the prime minister's party contributes to this effect. The desire to retain Kare Willoch's firm political leadership will probably play an important role in determining the choice made by many voters this fall.



The government parties have the most support: 48.0 percent of the voters support the coalition parties compared to the socialist bloc's 47.2 percent support level in the Gallup/NOI June poll.

Stor- tings- valget 1984		1985											
1981		Aug.	Sept.	Okt.	Nov.	Des.	Jan.	Feb.	Mars	April	Mai	Juni	
(1)		(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
A	(2)	37.1	40.0	39.3	40.0	40.9	40.8	40.3	39.4	38.7	38.2	38.9	37.6
DLF	(3)	0.6	0.6	0.0	0.5	0.5	0.5	0.0	0.8	0.2	0.5	0.1	0.3
FP	(4)	4.5	5.8	5.1	5.6	5.3	6.6	6.2	4.9	4.4	6.1	4.0	3.3
H	(5)	31.8	29.1	30.3	29.2	29.9	29.0	30.6	30.8	32.6	30.6	31.9	33.5
Kr.F.	(6)	9.3	7.4	8.4	8.7	8.6	8.4	8.6	8.2	8.2	8.3	8.7	8.7
NKP	(7)	0.3	0.3	0.6	0.1	0.8	0.2	0.0	0.1	0.4	0.3	0.1	0.3
RV	(8)	0.7	0.6	0.6	0.5	0.7	0.6	1.0	0.8	1.0	0.9	0.9	0.5
S	(9)	6.6	5.8	5.5	5.2	5.3	5.7	5.2	5.5	6.6	7.3	6.5	5.8
SV	(10)	5.0	5.8	5.5	6.1	5.0	4.7	4.7	5.0	4.5	5.3	5.2	5.9
V	(11)	3.9	4.6	4.4	3.7	2.7	3.2	3.4	4.4	2.7	2.3	3.3	3.7
Andre	(12)	0.2	0.1	0.3	0.5	0.3	0.2	0.1	0.1	0.7	0.3	0.3	0.5
Sum:		(13)	100.1	100.1	100.0	100.1	100.0	99.9	100.1	100.0	100.0	100.1	99.9
A+SV	(14)	42.1	45.8	44.8	46.1	45.9	45.5	45.0	44.4	43.2	43.5	44.1	43.5
H+Kr.F+S	(15)	47.7	42.3	44.2	43.1	43.8	43.1	44.4	44.5	47.4	46.2	47.1	48.0
A+SV+V	(16)	46.0	50.4	49.2	49.8	48.6	48.7	48.4	48.8	45.9	45.8	47.4	47.2
H+Kr.F+	(17)												
S + FP		52.2	48.1	49.3	48.7	49.1	49.7	50.6	49.4	51.8	52.3	51.1	51.3

Key:

- | | |
|------------------------------|---------------------------------------|
| 1. 1981 Storting election | 11. Liberal Party |
| 2. Labor Party | 12. Others |
| 3. Liberal People's Party | 13. Total |
| 4. Progressive Party | 14. Labor + Socialist-Left |
| 5. Conservative Party | 15. Conservatives + Christian |
| 6. Christian People's Party | People's Party + Center Party |
| 7. Norwegian Communist Party | 16. Labor + Socialist-Left + Liberals |
| 8. Red Election Alliance | 17. Conservatives + Christian |
| 9. Center Party | People's Party + Center + Pro- |
| 10. Socialist-Left Party | gressive Party |

Progressive Party Weak

The fact that the Progressive Party is as weak as the polls show it to be is probably connected with the government issue which is overshadowing almost everything else even for voters on the extreme right. Helping to guarantee a continued nonsocialist government with a strong Conservative Party is more important than demonstrating. Four years of tax relief and a systematic stress on deregulation and decreasing bureaucracy in an already

highly regulated society have provided little in the way of rational reasons for attacking the Conservatives in a decisive election situation.

Center Party in Uncertain Position

Among the government coalition parties it is primarily the Center Party that has had trouble maintaining its position compared to the 1981 Storting election. At that time Jakobsen's party had a 6.6 percent support level, but the latest poll showed a level of 5.8 percent, a decline of 0.7 percent since May. According to the polls taken by other opinion institutes the Center Party has been all the way down to the 4 percent range on several occasions and thus it is not surprising that many of the party's officials are quite concerned about the election outcome. However the election alliance arrangement that the Center Party is making use of in several counties could ward off a large loss of seats.

Christian People's Party: 8.7 Percent

The trend cannot be described as entirely satisfactory for the Christian People's Party either. A support level of 8.7 percent in the last two polls is 0.6 percent below the party's results in the Storting election. But it is clear that the party of Bondevik and Kristiansen has had important influence in the government position and it is hard to avoid speculating about what the situation would have been if the party had chosen to stay outside the government coalition with all its obligations. Today it is generally acknowledged in both the Christian People's Party and in the other government parties that the path to real political influence lies in cooperation-- and nowhere else.

Labor Party Setback

The party that has most reason to feel disappointed by today's opinion poll is undoubtedly the Labor Party. The 37.6 percent support level noted for June represents a new setback, despite the fact that most political observers had thought the party was now reversing its downward trend. And there is reason to point out that this happened after the Labor Party intensified its offensive with massive new attacks on government policies. The conclusion one is forced to reach is that voters simply do not recognize Gro Harlem Brundtland's description of conditions in Norway today. The onesided pessimism is obviously counterproductive.

More reassuring figures for the Socialist-Left Party and the Liberals may be some consolation from a socialist point of view but there is still a long way to go. At the moment the chances seem good that there will be a nonsocialist election victory.

6578
CSO: 3639/128

POLITICAL

NORWAY

PROGRESSIVE PARTY CANDIDATES MOST OFTEN FROM OTHER PARTIES

Oslo AFTENPOSTEN in Norwegian 6 Jul 85 p 3

[Article by Morten Malmo]

[Text] Almost half the people who head the Progressive Party lists in various election districts in this Storting election began their political careers in another party. No other party involved in this year's election has so many political "chameleons" as the Progressive Party. Most of them had their political education in the Conservative Party, but the Labor Party and the Liberals have also "trained" some current Progressive Storting candidates.

AFTENPOSTEN has gathered information about the background of top Progressive candidates and we have used the data provided by the candidates themselves concerning their credentials in the political race.

If one looks at the four Storting representatives the Progressive Party has now, two have a background linked to the Conservative Party. Fridtjof Frank Gundersen was once chairman of "Idea Group 99," which was a Conservative Party "think tank" and a forerunner for the Conservative political council. Storting representative Jens Marcussen was a Conservative deputy in the period 1952-75 and in the last 3 years of this period he was chairman of the Conservative group in Aust-Agder and attended Conservative central committee meetings. Carl I. Hagen, on the other hand, had no Conservative background but was part of Anders Lange's Party, the Progressive Party's predecessor. The fourth Storting representative, Bjorn Erling Ytterhorn, belonged to no other party.

Conservative Background

These are the other top Progressive Party candidates with a Conservative background: Trygve Andersen, Finnmark, formerly a chairman of the Alta Conservatives for 6 years; Knut A. Saether, Hedmark, formerly deputy chairman of the Elverum Conservatives; and Liv Leirstein, Ostfold, chairman of the Rygge Conservatives in the period 1969-71.

Liberal, Labor Background

Frode Ringheim, who leads the Progressive list of candidates in Nordland, was for several years chairman of the Voss Liberal Youth Group and a member of the Oslo Liberal Students' Organization. Eivind Eckbo, Telemark, used to belong to the Farmers' Party. The leading candidate in Vest-Agder, Erling Kleppe, was formerly chairman of the Fedje Labor Party for 10 years and represented the Labor Party on the municipal council in Fedje for two election periods. Jan Levor Njargel, Sor-Trondelag, can boast 6 years of practical experience with the Labor Youth Group. Among other things he was school leader in the Oppland Labor Youth Organization.

Progressive Party Alone

These are the top candidates who gave no other party experience other than work in the Progressive Party: Even Bjelland, Aust-Agder; Steinar Maribo, Buskerud; Lodve Solheim, More og Romsdal; Marius Heir, Nord-Trondelag; Peder I. Ramsrud, Oppland; Magne Saegrov, Sogn og Fjordane; Palmer Kvistad, Troms; and Oscar D. Hillgaard, Vestfold.

6578

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POLITICAL

PORUGAL

RELATIONS WITH USSR 'UNAFFECTED' BY EEC MEMBERSHIP

Lisbon DIARIO DE NOTICIAS in Portuguese 17 Jun 85 p 4

[Text] "The Soviet parliamentary delegation has perceived that the Portuguese people desire peace, which is a point of unity between the Portuguese and Soviet peoples," Arnold Fedorovich Ryuytel, deputy chairman of the presidium, USSR Supreme Soviet, declared yesterday.

Ryuytel led the Soviet parliamentary delegation which arrived in Portugal on 10 June and departed early yesterday afternoon. During a press conference, he said there had been a good understanding in all the meetings with Portuguese officials (president of the republic, Assembly of the Republic, prime minister and foreign relations minister).

Ryuytel added that the visit permitted the development of parliamentary contacts and a close-hand knowledge of the life and activity of the Portuguese people.

The deputy chairman of the presidium of the USSR Supreme Soviet said that cooperation between the two peoples should be strengthened by the establishment of economic and cultural accords.

"We talked about Portugal's membership in the EEC," he said, "and reached the conclusion that this would not have a negative effect on cooperation between the two countries."

Fernando Amaral, president of the Assembly of the Republic, said that the Portuguese parliament was reciprocating the kindness and friendliness with which the Portuguese deputies had been received in the Soviet Union.

He stressed that the policy of the Assembly of the Republic is to establish contact with all the peoples of the world.

"The Portuguese and Soviet deputies expressed their interest in the development of neighborly relations and cooperation between the states, in accordance with the Concluding Act of Helsinki," states the final communique of the visit of the Soviet deputies, which was signed yesterday.

POLITICAL

PORUGAL

EANES' DILEMMA VIS-A-VIS PRD DESCRIBED

Lisbon EXPRESSO in Portuguese 15 Jun 85 p 3

[Article by Jose Antonio Saraiva]

[Text] When General Eanes said, more than a year ago, that he would not take a position regarding the party until it was formed and unless it offered him guarantees, he was--perhaps without being aware of it--creating an insoluble problem.

The problem is that--as has already been proven--the Democratic Renewal Party [PRD] will not amount to anything without the explicit support of Eanes. However, if the PRD is nothing, how can the president support it, tying his political future to it?

Thus, a vicious circle has been created.

Ramalho Eanes does not want to support the party until he is sure of its success, but the party cannot be successful as long as the president does not support it.

As if this were not enough, the problem created for the party by the president's position, which perhaps he did not think through, is now joined by another, although less foreseeable, problem which has created even more difficulties for the movement in formation: the candidacy of Maria de Lourdes Pintasilgo for the presidency of the republic.

With this candidacy, the Eanist party has been put in the strange and uncomfortable position of seeing a campaign being developed in its political area by an individual whom it does not like but who is capable of winning over the rank and file and of reducing the party's maneuvering room, while the leader it wants is maintaining a cautious distance from the party and refusing to break his silence.

What is happening, in fact, is that the PRD is rejecting a candidate with whom it could easily reach an accord, waiting for a man who has yet to offer any sure guarantee that he will serve as its leader.

This is clearly provoking a trauma which is tearing the party to pieces. Its situation is similar to that of a family in which the children stubbornly reject the mother, waiting for a father who may or may not show up.

This is the crux of the matter.

In a situation characterized by divergences among the people who count in the Eanist movement--Eanes, Pintasilgo and the present leadership--viability will be difficult for the PRD.

It should be added that the latest political events have meant new complications for the party and might put off indefinitely any decision by Eanes regarding it.

Let us imagine, in fact, that parliament is dissolved and that early elections are called--in which, naturally, the PRD should compete.

But if this happens, will Ramalho Eanes publicly support the Renewal Party (which would mean, in practice, a presidential appeal to vote for a political party)?

Is it conceivable that, after dissolving the Assembly and calling for elections, Eanes would tell the Portuguese that he supports the PRD and that the electorate should vote for it?

No.

Yet, this being the case, who would vote for the new renewal party?

And if the party had one or two members in the new parliament, does anyone believe that, after he left Belem, General Eanes would associate himself with them?

6362

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POLITICAL

PORTUGAL

PRD VIEWS LEMOS FERREIRA CANDIDACY FAVORABLY

Lisbon SEMANARIO in Portuguese 15 Jun 85 p 9

[Text] "If Gen Lemos Ferreira runs for the presidency of the republic, it is quite probable that our party will support him," admitted a PRD [Democratic Renewal Party] leader, according to whom the profile of the current Armed Forces chief of general staff "is perfectly within the range of options" of the Eanists.

"More than Engineer Pintasilgo (a possibility which has been ruled out and specifically rejected in one of the motions presented to the National Council), which would create a bad relationship with the Armed Forces, Gen Lemos Ferreira has all the qualifications to merit our support, if he decides to run," the leader added.

What are these qualifications?

"His profile as a military officer indicates that he could be a sponsor of a project for change, but one identified with the regime which resulted from 25 April. If he wished and were able to attract support from other political sectors (above all, the PSD [Social Democratic Party] and the CDS [Social Democratic Center Party]), the conditions would be created, in due time, to establish a clearly victorious momentum for his candidacy."

The PRD leader sees this possibility as "eliminating the candidacies of Pintasilgo and Freitas do Amaral. He declared that no contacts had been made in this regard, but he concluded: "Nowadays, any pilot knows that, when it is foggy, you cannot navigate without instruments. Navigation is seen as very risky. Well, the Portuguese political scene is very overcast. And Gen Lemos Ferreira is a pilot..."

6362
CSO: 3542/203

POLITICAL

PORUGAL

PCP CENTRAL COMMITTEE ON GOVERNMENT'S RESIGNATION

PM251425 Lisbon AVANTE! in Portuguese 20 Jun 85 pp 1-3

[PCP Central Committee statement: "The PCP and the PSP/PSD Government's Resignation"]

[Text] 1. Democratic Victory, Defeat for PSP/PSD Government

The resignation of the Socialist Party/Social Democratic Party [PSP/PSD] government, long demanded by the Portuguese people and now made inevitable by the breakup of the coalition, crowns with a great political victory the courageous and persistent struggle of the workers and the people's masses, and all those who believed in the people's strength and the ability to defend the Portugal of April [1974].

The coalition's breakup, the consequent end of this government of disaster, poverty, and hunger, and the almost inevitable holding of an early election, confirm the complete failure of the policy of monopoly restoration and a defeat for those chiefly responsible for it: Mario Soares, the PSP, and the PSD. They confirm the failure of the right-wing coalitions, with or without the PSP and Mario Soares. It has once more been demonstrated that a majority of deputies in the Assembly of the Republic is not sufficient to ensure the remaining in power of a government whose policy, contrary to the realities of the Portugal of April, is by its very nature one of economic, social, and political destabilization. It has once more been demonstrated that popular resistance and the mass struggle have a decisive role to play in national political life.

The government's defeat means that the PSP/PSD coalition's counterrevolutionary plan, aimed at completely eliminating in the first half of this year, through unlawful measures and a set of legislative "packages," the great gains of the democratic revolution--specifically, the agrarian reform, the nationalization measures, vital workers' rights, freedoms, and democratic local government--has been halted, or at least checked, in the immediate future.

This victory for democracy and defeat for the PSP/PSD government, strengthens confidence in the real possibility of a democratic alternative, for which it is necessary to intensify the struggle.

2. Compulsory Dismissal of PSP/PSD Government

The Central Committee emphasizes that, in both institutional and political terms, the breakup of the PSP/PSD coalition necessarily entails the government's dismissal.

The government was formed as a PSP/PSD coalition government; it submitted a coalition program to the Assembly of the Republic; it was set up on the basis of the coalition's parliamentary majority. Now that the coalition has disappeared, the coalition government ceases to have any legitimacy to remain in power.

It would run counter to the most elementary institutional principles and constitute an indescribable abuse and usurpation of powers for the government to seek to continue to govern and the coalition's majority to seek to continue to legislate, following the coalition's breakup.

The statements by PSD ministers who have tendered their resignations, according to which they intend to remain "in full possession of their powers," and the intention already expressed by the PSP/PSD parliamentary groups of still rapidly approving counterrevolutionary "packages" in the assembly, constitute a grave violation of the institutions, whose perpetration must be prevented.

The Portuguese people will be unable to recognize as legitimate any government decisions which exceed the running of day-to-day affairs or any laws henceforth approved by the current Assembly of the Republic.

3. Early Election To Resolve Government Circles

The Central Committee believes that resolution of the crisis in accordance with the constitutional principles and the imperatives of democratic life requires two fundamental measures:

- 1) Dissolution of the Assembly of the Republic and the holding of an early election.
- 2) The actual dismissal of the government and the appointment of a caretaker government.

These two measures are complementary. Only the two together can ensure a correct institutional process for the resolution of the current government crisis.

4. The President of the Republic's Message to the Assembly of the Republic and His Communication to the Country

The Central Committee took cognizance of the message sent by the president of the republic to the Assembly of the Republic and the president of the republic's communication to the country.

The Central Committee shares the president of the republic's apprehensions about the gravity of the national situation and appreciates his efforts to find a solution to the crisis strictly within the constitutional framework.

The PCP is prepared to examine with mediators appointed by the president of the republic the prospects for forming a responsible and impartial government to ensure the running of day-to-day state affairs and the democratic nature of the electoral process and the election until the holding of an early election.

However, the Central Committee believes that in the situation created by the crisis there is no possibility of forming on the basis of the current Assembly of the Republic a government which, until the holding of the presidential election, will be equal to the situation in which the country finds itself.

The Central Committee also draws attention to the brief period remaining until 14 July (the deadline for the president of the republic's power to dissolve the Assembly of the Republic), and so the prolongation of efforts and moves which could thwart the dissolution of the Assembly of the Republic is to be ruled out for the formation of a caretaker government.

5. Caretaker Government

Once the Assembly of the Republic has been dissolved and once it has been decided to hold an early election, it will be essential to form a caretaker government to guarantee the democratic nature of the coming elections.

The PCP denies that, once the Assembly of the Republic has been dissolved and an early election called, the present government, whatever its composition, can carry out the functions of administering the current business of the state.

Despite the assertions and averred intentions of the leaders of other parties, the PCP Central Committee considers it unacceptable that the outgoing PSP/PSD government--reshuffled or not, and with or without the PSD ministers who urged its resignation--stay on as a caretaker government. It considers equally unacceptable the idea of a new single-party PSP government, whether headed by Mario Soares or by another PSP leader, thus leaving Mario Soares entirely free to conduct his election campaign.

The prime minister, the government, the PSP, and the PSD have already given sufficient evidence of their abuse of power, and of their partisan, splittist, and electoralist use and manipulation not only of the media but also of the state apparatus, resources, and funds. The holding of an early general election under the outgoing PSP/PSD government, whether intact or reshuffled, provides no guarantees of honesty and democracy.

In order for the election to be considered democratic it is essential that the entire electoral process and the election itself be conducted by a responsible, independent government which respects democratic legality.

Any other solution will require a resolute and steadfast struggle to ensure democratic elections.

6. Defeated Parties' Maneuvers

The Central Committee warns against the maneuvers of Mario Soares, the PSD, and the PSP to recover from the defeat they have suffered, and specifically:

- Attempts to remain in government, despite the fact that the government is resigning because of the breakup of the coalition;
- Attempts to delay the process to resolve the crisis in order to prevent the dissolution of the Assembly of the Republic;
- Attempts to shirk responsibility for the disastrous consequences of the coalition government's policy;
- Mario Soares' attempts demagogically to appear, at the last moment, as the adversary of the right, whereas in fact he has headed the counterrevolutionary process and would be prepared to carry out all the PSD's proposals if that party were to support his candidacy to the Belem Palace;
- The attempts to rush through counterrevolutionary legislation in the Assembly of the Republic;
- The use of the media, the state apparatus, government powers, and public funds for demagogic and electoralist campaigns;
- Attempts to introduce discriminatory restrictions of the citizens' freedoms and rights.

All these maneuvers and activities must be revealed and vigorously combated to ensure the final defeat of the counterrevolutionary policy of monopoly, landowner, and imperialist restoration.

7. Ratification of Accord With EEC

The Central Committee warns against the ruling parties' attempt--on the pretext of the Assembly of the Republic's approval of the accord with the EEC--to rule out the dissolution of the assembly before 14 July (the end of the president's term of office).

The Central Committee reasserts the PCP's stance of considering Portugal's entry into the EEC entirely contrary to national interests and that, if it materializes, it will have disastrous consequences for the Portuguese economy and seriously impinge on national independence.

The PCP Central Committee believes that the Assembly of the Republic can only examine an approval of the accord after an early general election and a broad national debate on the issue.

In any case, contrary to the assertions of certain propaganda, the dissolution of the Assembly of the Republic before the ratification obviously does not imply ruling out the ratification, since the assembly can carry it out, with a better knowledge of the case, after the elections.

8. Preparations for Next Election

The situation demands an immediate galvanization of the party's preparations for the next elections.

In connection with the general election, which is increasingly likely to be brought forward, it is necessary to start work right away on drawing up lists and on preparing and defining the entire campaign and the mobilization of human and material resources to this end.

Bearing in mind that the appearance of a new democratic party could play a major role in altering the party framework and the balance of forces within the Assembly of the Republic, the Central Committee stresses that any democratic alternative will depend largely on a substantial increase in the United People's Alliance [APU] vote and in the parliamentary representation of the PCP and its allies within the APU.

In connection with local elections the preparation of APU lists must be expedited, taking care always to extend them to independent democrats and to people who really want to work, even if they have hitherto been situated within the area of other parties.

With regard to the presidential elections the Central Committee believes that the government crisis does not for the time being alter the PCP's stance.

It is necessary to persevere in seeking the accord or consensus of all democratic sectors on a democratic candidate able to defeat the candidates of the right.

The Central Committee warns against the dangers of the opinions expressed both by Mario Soares and by certain democratic sectors that the Assembly of the Republic should only be dissolved after the presidential elections and that the local elections must also be held after the presidential elections.

9. The Struggle Goes On

The Central Committee appeals to the working class and to all democrats and patriots to continue the struggle steadfastly, granting no quarter to the government and the reactionary forces.

The Central Committee salutes the workers and all those who, through the months, have boldly, determinedly, and confidently resisted and combated the PSP/PSD government's policy and demanded its dismissal and the holding of early elections.

This objective has basically been achieved.

The PSP/PSD government has been defeated. But it has not yet been officially dismissed.

The struggle will continue for Mario Soares' and his government's official dismissal and removal from power. The PCP Central Committee appeals to the workers, the people's masses, and all democrats and patriots to remain alert and to resolutely resist any attempt by the outgoing government to continue its counterrevolutionary offensives.

The PCP Central Committee appeals to the workers, the people's masses, and all democrats and patriots to step up the struggle in all areas of national life for specific and immediate objectives.

To step up the struggle for the prompt solution of the most burning problems affecting the people and the country, and for the defense of the nationalizations, of the agrarian reform, and of the rights of workers, small and medium farmers, young people, women, intellectuals specialized staff, small and medium traders and industrialists, and the most underprivileged sectors such as the unemployed, the retired, pensioners, and the handicapped.

Reaction has just suffered a major defeat with the breakup of the PSP/PSD coalition and Mario Soares' downfall.

It is necessary to continue the struggle for the attainment of the central objectives of the moment--early elections and a responsible and independent caretaker government.

The PCP Central Committee confirms the PCP's willingness to contribute, after the elections, to the formation of a democratic government of national salvation, which seems the most suitable government solution for dealing with the extremely serious situation created by successive right-wing governments including the PSP, the PSD, and the CDS.

The struggle must be continued, with the confidence that a democratic alternative will be attained.

18 June 1985

The PCP Central Committee

CSO: 3542/206

POLITICAL

PORUGAL

BRIEFS

PC(R) MEMBER JOINS PCP--Frederico de Carvalho, member of the Central Committee of the PC(R) [Portuguese Communist Party (Reformed)], one of its founders and most distinguished members, has joined the PCP [Portuguese Communist Party]. This is the first time, since 25 April, that a prominent leader of an extreme or radical leftist organization has joined the PCP. The decision came following a meeting, lasting almost 3 hours, between Carvalho and the secretariat of the PC(R), in which he presented an exhaustive political analysis, defending the USSR as a socialist society and praising Cunhal as a great communist leader. It is noted that Frederico de Carvalho's father is an old PCP militant and an aunt of his is an official in the party led by Cunhal. Known among the party members as Fred, Carvalho was director of the BANDEIRA VERMELHA, the official organ of the PC(R). In the party, he was considered as a kind of ideological counselor to Eduardo Pires, a loyal follower of the Albanian line. After submitting his resignation in early May, Frederico de Garvalho was expelled from the PC(R) in a meeting of the Central Committee on 5 May. During the PC(R) congress, which took place precisely 3 years ago, he was one of the principal advocates of the theory which would lead to the resignation of Francisco Martins Rodrigues and other PC(R) leaders and members. In recent years, the party has undergone various disputes, desertions and purges. [Text] [Lisbon O JORNAL in Portuguese 6 Jun 85 p 16] 6362

JARDIM AGAINST AMARAL CANDIDACY--In a telegram to Jose Judice, Alberto Joao Jardim assured that he would not support the candidacy of Freitas do Amaral, a candidacy which he feels is conservative and elitist. In the telegram, to which the Portuguese news agency ANOP had access, the president of the regional government stated: "This is to inform you that I will not take part in the court of angels which means to sacrifice the PSD [Social Democratic Party] to the conservative and elitist candidacy of Professor Freitas do Amaral." The Madeiran leader also criticized the Portuguese Right, calling it foolish to think that, in the Portugal of 1985, it could defeat the Left with the classical and elitist rhetoric of a conservative university professor. [Text] [Lisbon DIARIO DE LISBOA in Portuguese 18 Jun 85 p 4] 6362

CSO: 3542/ 203

POLITICAL

SWEDEN

SIXTEEN PARTIES OFFICIALLY REGISTERED FOR GENERAL ELECTION

Stockholm NORDISK KONTAKT in Swedish 30 Apr 85 pp 514-515

[Text] Sixteen parties are registered for the Riksdag election this fall. But 66 parties are registered for municipal and county elections with the National Tax Office, where registration serves to protect party names.

The following parties have registered for the national election: the Social Democrats, the Center (a new party label), the Center-Democrats, the European Workers' Party (a new registration), the Liberal Party, the Environment Party (the Greens), the Radical Marxist-Leninist Communist Party (a new registration), the Christian Democratic Party, the Conservative Party, the Opinion Party, the Cooperating Parties, the Skane Party, the Socialist Party, the Swedish Popular Media Party, the Swedish Communist Party (SKP) and the Communist Left Party (VPK).

A bitter struggle has flared up in KDS [Christian Democratic Party] around environmental giant Bjorn Gillberg who opposed all technical election co-operation between KDS and the Center from the start. Gillberg was first dropped from the KDS list of candidates in Varmland and in Goteborg there was a struggle between him and KDS leader Alf Svensson for first and second place on the list.

Bjorn Gillberg resigned as district chairman in Uppsala and left KDS. He himself feels the conflict emanated from a power struggle within KDS between Pentacostalists and environmentalists. At the Easter congress with the Environment Party a group suddenly marched out and said they would start a new environmental party, the Ecological Party, or "E" for short. However time has run out as far as registering the party for the fall election is concerned.

According to the SIFO [Swedish Institute for Public Opinion Polls] survey for March the nonsocialist parties are still in the lead: 52 percent of the voters backed them compared to 46.5 for the socialist bloc.

The Social Democrats gained for the third time in a row and had a support level of 42 percent, an increase of 0.5 percent. The Conservative rating

was 31 percent, a gain of 1 percent, and the Center rating was 13 percent, an increase of 0.5 percent, with the old Center Party getting 9 percent, a 1 percent decline, and KDS getting 4 percent, a 1.5 percent increase. The Liberals had a support level of 8 percent, a 1 percent decline, the VPK rating was 4.5 percent, unchanged, and 1.5 percent of those asked supported other parties, a 1 percent decline.

The percentage of undecided voters is still quite high.

If we look at past election years we find that the difference between the SIFO ratings in March and the election results is usually relatively insignificant.

The losers are the Center and the Liberals and the decline for the Center is compensated for only somewhat by the fact that KDS gained and is now at the 4 percent cutoff limit. The difference between the Conservatives and the other three nonsocialist parties as a group is now 10 percentage points, i.e. the biggest difference that has been noted since the Liberal Party got a new leader and doubled its share of voter support.

The SIFO poll was based on 1009 interviews.

6578
CSO: 3650/274

POLITICAL

SWEDEN

POLL SHOWS SDP LOSING SUPPORT TO COMMUNISTS AFTER PACKAGE

Desertions Over Interest Rates

Stockholm DAGENS NYHETER in Swedish 16 Jun 85 p 8

[Article by Dick Ljungberg]

[Text] The Social Democratic Party [SDP] lost sympathizers as a result of the government's package of higher interest rates on 13 May, while the VPK [Left Party-Communists] picked up votes. The Social Democrats are down by 3 percent and the VPK is up by 2.5 percent in the DAGENS NYHETER-IMU [Institute for Market Research] poll of party preferences for May. The socialist parties are still slightly in the majority, but anything can happen.

The VPK's rise is the only statistically reliable change since the previous poll (in April). In the current poll, 837 people were interviewed during the period between 6 May and 6 June.

The entire survey was conducted after the start of the strike by the TCO-S [Central Organization of Salaried Employees-Government Employees Section], and half of it was conducted after the conclusion of that strike and announcement of the government's austerity package.

In the SCB [Central Bureau of Statistics] voter survey that was published this week, 20 percent of the interviews were conducted after the government's package was announced. A partial survey showed that the SDP had lost a little and that the Conservatives had gained ground following the package. The decline for the SDP has now been confirmed by the IMU.

The SCB poll showed a definite gain for the Social Democrats, but that was in comparison with the previous poll in November of last year. The IMU polls in February and April also showed a rise for the Social Democrats following a poor autumn, but now, in May, there is a decline.

The IMU and SCB polls for May are in close agreement as far as the Center Party (with or without the KDS [Christian Democratic Union]) and the Liberal Party are concerned, whereas the Conservative Party stands lower in the IMU poll than in the SCB poll (25.0 percent compared to 27.6 percent). SIFO [Swedish Institute for Public Opinion Polls] shows the highest figure for the Conservatives in May at 30.5 percent.

"Anything Can Happen"

The nonsocialists, including the KDS, have somewhat narrowed the lead that was enjoyed by the socialist bloc in April. In April, the latter bloc had 49.5 percent, compared to 46.5 percent for the nonsocialists, but now the figures are 49.0 percent and 47.5 percent respectively. Anything can happen between now and the election.

The number of undecided voters increased from 4.5 percent in April to 5.5 percent in May.

According to the IMU's poll for May, the Social Democrats are down by 3 percent to 42.5 percent. After two increases, it is uncertain whether this indicates a break in the trend. If so, the Social Democrats would be worse off this year than they were before the 1982 election, when they had 45.5 percent (in May 1982). Their election result was one-tenth of a percent higher.

In the IMU's long-term trend--which generally should eliminate wide swings--the Social Democrats stood at 43.1 percent in May. That is higher than in May of last year, when the long-term trend showed 41.4 percent. In May 1982, the long-term trend showed a full 47.6 percent.

VPK up

The VPK is up by 2.5 percent to 6.5 percent--its highest level in a long time. That would make the VPK as big as the Liberal Party.

In the long-term trend for May, however, the VPK stands at a more reasonable 4.6 percent--the same as 1 year ago. In May 1982, the VPK had only 3.5 percent in the IMU poll, but received 5.6 percent of the vote in the election.

The Conservatives are down by 0.5 percent to 25.0 percent. In the long-term trend, they stand at 25.9 percent, compared to 26.1 percent a year ago. In May 1982, the Conservatives had 22.0 percent in the IMU poll, but received 23.6 percent in the election.

The "center"--the election alliance between the Center Party and the KDS--has a total of 16.0 percent for May, and that is an increase of 1.0 percent.

The Center Party alone has 12.5 percent, for an increase of 0.5 percent. In the long-term trend, the Center Party stands at 12.6 percent, a drop from its 13.6 percent in May of last year. In May 1982, the Center Party had 12.0 percent in the IMU poll, but thanks to a last-minute spurt by Thorbjorn Falldin, it received 15.5 percent in the election.

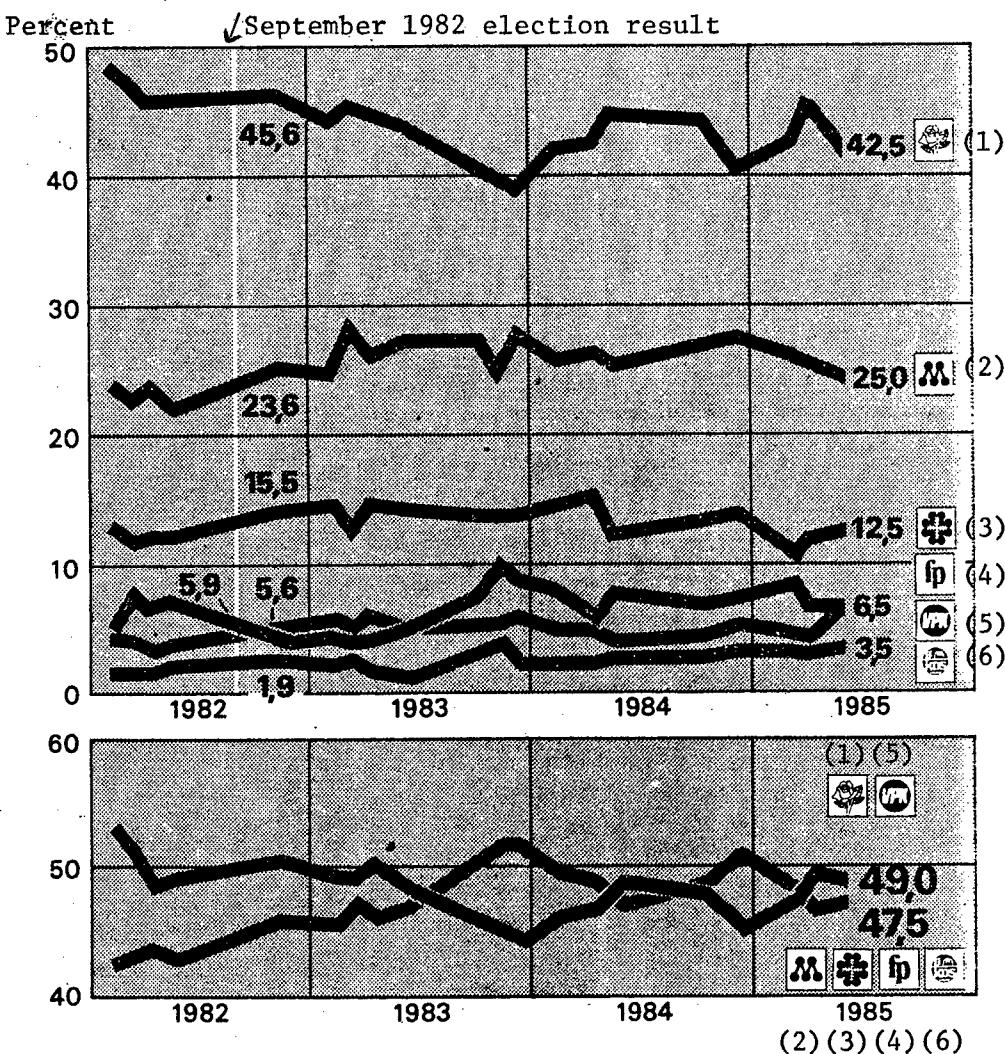
Better Score With KDS

Including the KDS votes, therefore, the center would be in a considerably better starting position this year than it was before the 1982 election. The KDS is up by 0.5 percent since April to 3.5 percent. In the long-term trend, the KDS stands at 2.8 percent--a slight increase from its 2.3 percent a year ago.

In May 1982, the KDS had 2.0 percent in the IMU poll, and it received 1.9 percent in the election.

The Liberal Party made a deep dive amounting to 2.5 percent in the April poll, and it is still at a low level, although it is now up by 0.5 percent to 6.5 percent. In the long-term trend, the Liberal Party stands at 6.8 percent, and that is a drop from the 7.3 percent it had a year ago. At the start of this year, the figure was 7.6 percent. In the IMU poll for May 1982, the Liberal Party had 7.0 percent, and it received 5.9 percent in the election.

DAGENS NYHETER-IMU Poll



Key:

- | | |
|----------------------------|------------------|
| 1. Social Democratic Party | 4. Liberal Party |
| 2. Conservative Party | 5. VPK |
| 3. Center Party | 6. KDS |

	<u>Voter Opinion</u>				Long-term trend <u>May 1985</u>
	May 1985	April 1985	Feb 1985	May 1982	
Number of interviews	837	870	873	900	
<u>Percentage with a party preference</u>					
Social Democrats	42.5	45.5	43.0	45.5	43.1
Conservatives	25.0	25.5	26.0	22.0	25.9
Center Party	12.5	12.0	10.5	12.0	12.6
Liberal Party	6.5	6.0	8.5	7.0	6.8
VPK	6.5	4.0	4.5	3.5	4.6
KDS	3.5	3.0	3.0	2.0	2.8
Environment Party	3.5	3.5	4.0	6.0	3.5
Other	0.0	0.5	0.5	2.0	3.5
Total	100.0	100.0	100.0	100.0	

Unable or unwilling to indicate "best party" 5.5 4.5 5.0 4.0

The interviews were conducted between 6 May and 6 June 1985.

Attention should be drawn to two changes in this poll as compared to the immediately preceding IMU poll: a 3-percent drop for the SDP (not statistically reliable) and a 2.5-percent rise for the VPK (statistically reliable). The entire poll was conducted after the strike by the TCO-S had started, and half of it was conducted after the end of that strike and after the government's economic package that included interest rate hikes had been announced.

Changes between two consecutive polls should be interpreted with great caution if it is not indicated that they are statistically significant. Attention should be paid instead to trends over the three most recent samplings or to differences in relation to the long-term trend.

The statistical margin of error for an individual poll varies as follows: SDP: about 3.5 percent; Conservative Party: about 3.0 percent; Center Party: about 2.5 percent; and all other parties: about 1.0 or 2.0 percent.

The long-term trend is calculated as a moving average of the seven preceding samplings.

The polls were conducted using a nationally representative probability sample of Swedish citizens between the ages of 18 and 74. The interviews were conducted during home visits. The question asked was: "Which party do you consider best?"

Preferences were expressed using "ballots" and "ballot envelopes." The poll results are COPYRIGHT: DAGENS NYHETER and the IMU.

Paper Examines Poll Results

Stockholm DAGENS NYHETER in Swedish 16 Jun 85 p 2

[Editorial: "VPK up Like the Interest Rate"]

[Text] Is it possible that the SDP has lost 3 percent of party preferences in only 1 month and that the VPK has gained 2.5 percent? That leap in the new poll conducted for DAGENS NYHETER by the IMU may seem like a joke. But the results this time may have a completely reasonable explanation: half of the poll was conducted after the end of the TCO-S strike and, above all, after the 2- to 3-percent hike in interest rates in May.

In the SCB poll, which was reported only a couple of days ago, the SDP's share of the kitty for May was estimated at from 42.8 to 44.5 percent, while the VPK's share was set at between 4.5 and 5.1 percent. That sounds more reasonable, somehow. At the same time, however, it should be noted that almost all the fieldwork for the SCB poll was conducted before the hike in interest rates.

But to the extent that the big upswing reported for the VPK is accurate, it is probably also quite transitory. Dissatisfaction following a sharp rise in interest rates and the choking off of consumption in general and of automobile purchases in particular may disappear almost as quickly as it appeared.

In the election campaign's first major TV debate--the one from the TCO [Central Organization of Salaried Employees] meeting--Lars Werner himself undeniably appeared more robust than usual, and not only physically. He radiated self-confidence and was allowed by Kjell-Olof Feldt and Anna-Greta Leijon to monopolize so much of the polemics with the nonsocialist spokesmen that one would have thought he already had one foot in the door at Rosenbad [the prime minister's office].

But the VPK's gains from blackmailing the government to obtain lower-than-intended increases in automobile excise taxes and on other issues, as well as its increasingly assiduous invitations to dance in the political salons, can easily boomerang.

Its conduct in the first-mentioned case may do so by reducing dissatisfaction itself--the rescuer in need does not always receive a rescuer's reward--and in the latter case, its wooing of others may do so by increasing distrust among marginal voters in the middle as to what a so-called socialist majority in the election on 15 September may lead to if the tail seems to be starting to stiffen and take control.

Center Party Also Declined

Stockholm DAGENS NYHETER in Swedish 17 Jun 85 p 2

[Editorial: "Center Party as Government Party"]

[Text] Parties on the decline usually revert to their original issues. The Center Party is assigning more importance now than before to the defense of agriculture and forestry. Rural issues are the center of attention. By fighting acidification and demanding that nuclear power be phased out, the party is fulfilling its environmental commitment.

But the Center Party will not be able to pursue politics on its own conditions. The election campaign is going to be seen as being concerned more with alternatives for government than with parties. What the Center Party says will be taken seriously only to the extent that it is concerned with the policy to be pursued by a new government.

Thorbjorn Falldin knows that he must conduct the election debate on that basis. In an interview published in last Sunday's SVENSKA DAGBLADET, he claimed that the government in which he and the Center Party can be expected to participate must commit itself to complying with the referendum and Parliament's decision on the phasing out of nuclear power by the year 2010 and that this must be clearly stated in the government's program.

In his speech at the Center Party's national congress in Norrkoping, Falldin said that responsibility for whether it will be possible to form a nonsocialist government this fall lies primarily with the Conservatives. The reason, he pointed out, is that there is no majority support for their demands for extensive tax reductions and privatization. It is the Conservatives who must yield. Falldin reiterated his thesis that only after the election will it be possible to decide whether the formation of a nonsocialist three-party coalition is possible.

So it is the Center Party leader himself who is emphasizing the government issue in the debate. At the press conference following his speech, he also declared his opposition to a national coalition government, using the argument that there is "a clear dividing line between socialist and nonsocialist policy."

But if a national coalition government is out of the question and it is an open question whether the nonsocialist parties can form a government together, who is going to take responsibility for the country's affairs? Which minority group would be equal to the task of reducing inflation and straightening out the economy?

As a party, the Center Party is not comfortable with sharp antagonism between the blocs. All the motions presented to the party congress on the subject of government were more or less definitely opposed to the idea of another nonsocialist three-party coalition.

Gustaf Olivecrona claims in DAGENS INDUSTRI that the Center Party "is becoming an agrarian party again--that is, purely a special-interest party representing farmers and general rural aspirations." This is shown, for example, by the motions presented at the congress. Active Center Party members seem to be only moderately interested in the more general economic issues.

Such a party, says Olivecrona, is less able than others to tolerate being in the opposition. It can achieve tangible results on behalf of those it represents only by participating in the government or cooperating with the government. Out of an instinct for self-preservation, the Center Party will "not continue indefinitely on the present course of bloc politics." The party will try to gain a hearing for its views even when the Social Democrats are in power and thereby "break the logjams caused by bloc politics."

That temptation exists for the Center Party. But nonsocialist voters usually punish a party that takes it upon itself to cross the bloc boundary. The Agrarian Party was down to about 9 percent after 6 years of governing in coalition with the Social Democrats in the 1950's, and its hard core of farmers is smaller now than it was then.

According to the SCB, 65 percent of Sweden's farmers support the Center Party. The corresponding figure among businessmen is 16 percent. It appears that the party is holding its own best in northern Sweden, while things seem to be going badly in the completely built-up areas: in municipalities with completely urban populations, the Center Party's share has dropped from 4.7 to 1.8 percent over the past year, according to the SCB. In Stockholm, the party is almost in danger of being obliterated.

The Center Party is showing a clear tendency to become more of an agrarian and rural party, but it does not follow, as Olivecrona claims, that its voters would approve of the idea of a new red-green coalition. The famous bottom line is a political reality even for the Center Party.

On the other hand, the observation that the Center Party's picked troops have a strong need to be able to influence government policy is correct. In reality, no party has greater reason than the Center Party to put its thinking on the government question on a new track.

Other Poll Summarized

Stockholm DAGENS NYHETER in Swedish 17 Jun 85 p 8

[Text] SIFO's voter barometer for June shows that the political blocs are exactly even with each other. Each bloc has 49 percent of voter support.

At the same time, almost 1 out of 10 voters is not certain which party he will vote for. That is the largest percentage of undecided voters to date.

The socialist bloc was slightly ahead in the previous SIFO poll. According to SIFO, the SDP had been picking up support throughout the spring. Now it is down by 1 percent to 43.5 percent.

POLITICAL

SWEDEN

VOTER VIEWS OF PARTY LEADERS SEEN MAJOR FACTOR IN VOTE CHOICE

Increased Confidence in Palme

Stockholm DAGENS NYHETER in Swedish 23 Jun 85 p 12

[Article by Sven Svensson]

[Text] Voter confidence in the Palme government's policy has increased somewhat since February. This is shown by the DAGENS NYHETER-TMU [Institute for Market Research] confidence barometer for June, in which 58.2 percent give the government a higher than passing grade, compared to 55.9 percent 6 months ago.

But confidence among nonsocialist sympathizers has declined since the shock of higher interest rates on 13 May.

The poll was conducted during the period between 6 May and 6 June--while the strike by government employees was underway and the government was putting into effect its economic austerity package, the chief ingredient of which was the hike in interest rates.

In all, 780 persons took part in the poll. They are the same voters who were also interviewed for the voter barometer that was published in DAGENS NYHETER last Sunday.

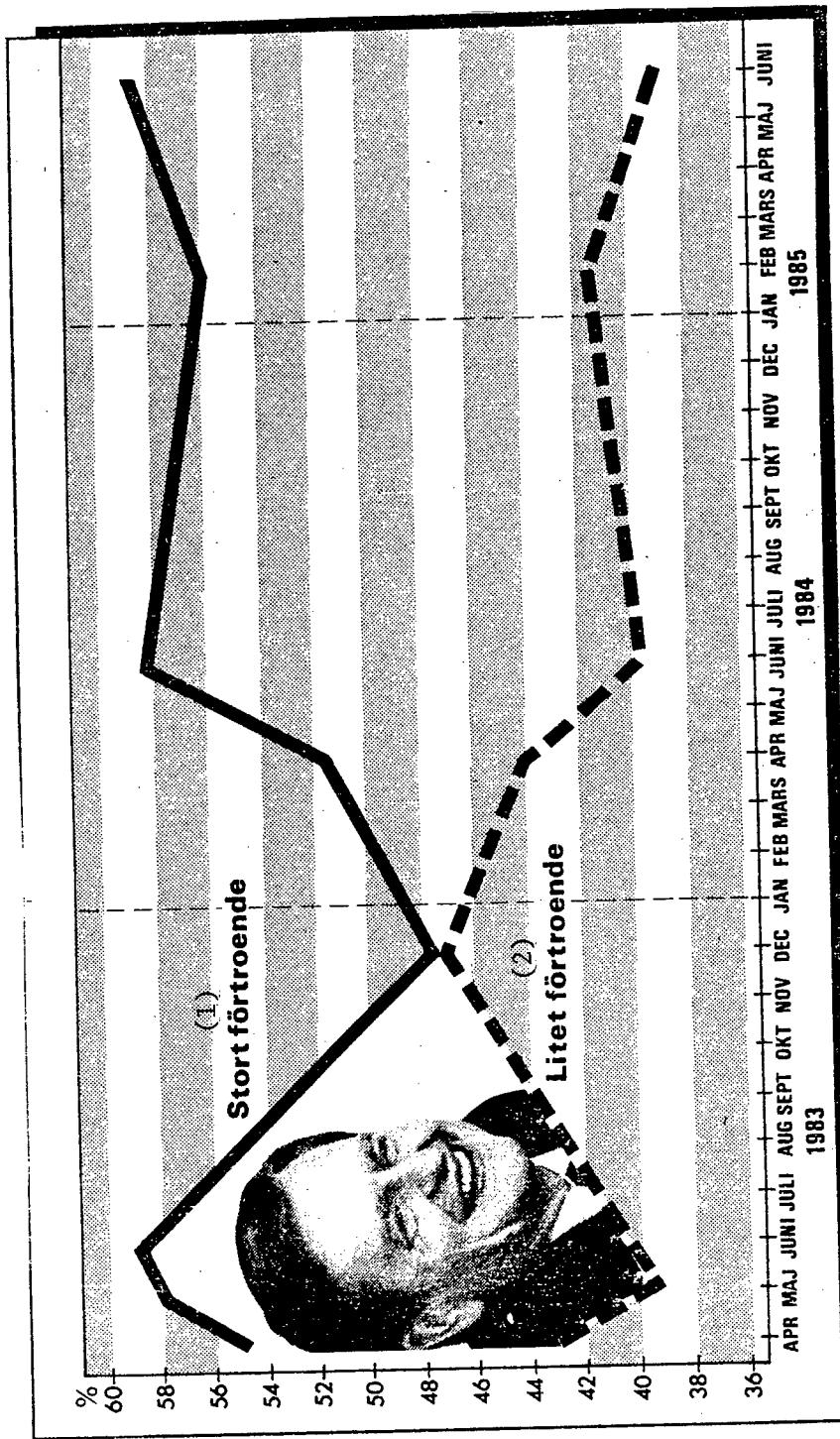
The confidence barometer shows that 58.2 percent give the government a higher than passing grade, compared to 55.9 percent in the February poll.

The number of voters giving the Palme government a failing grade totals 38.7 percent, compared to 41.5 percent just under 6 months ago.

At the same time, the number of voters saying they "don't know" has risen from 2.5 to 3.1 percent.

Same Level

The rise of just over 2 percentage points in the confidence level puts the Palme government at almost exactly the same level of confidence that it enjoyed in the summer of 1984 and the summer of 1983. The big drop occurred in December 1983, after the demonstration against wage earner funds and various "affairs."



The confidence curve has turned upward again for the Palme government: 58.2 percent of the voters felt in June that the Palme government was acquitted itself satisfactorily, compared to 55.9 percent a little less than 6 months earlier. That is almost exactly the same figure as in June 1983 and May 1984. In June 1985, it was primarily non-socialist voters whose support of the Palme government increased, but the second stage of the poll suggests that the strike by government employees and the shock of higher interest rates have eroded the government's store of confidence.

Key:
1. Great confidence 2. Little confidence

It is chiefly the nonsocialist bloc's sympathizers who now feel to a greater extent that the Palme government is acquitting itself well. In June, 28 percent of the nonsocialist bloc's voters gave the government a higher than passing grade, compared to 21 percent in February.

A comparison of the two stages in which the poll was conducted--the first between 6 and 15 May and the second between 28 May and 6 June--shows, however, that confidence declined the second time around. The drop occurred primarily among nonsocialist sympathizers. It can be assumed that this happened because more nonsocialist voters grew more critical after the strike and the shock of higher interest rates.

Within the socialist bloc, a statistically unreliable drop in confidence in the Palme government occurred.

Of the socialist voters, 88 percent feel that the Palme government is acquitting itself well, compared to 91 percent in February. Among Social Democrats only, 90 percent now approve of the Palme government's policy, compared to 92 percent in February.

The diminished confidence in the Palme government's policy that is noted among socialist voters probably explains the statistically reliable increase from 4 to 6.5 percent for the VPK [Left Party-Communists] that was noted in the latest voter barometer.

Conservatives Critical

Not surprisingly, those most critical of the Palme government's policy are the Conservative voters. Nearly 80 percent of the Conservative Party's voters are critical, compared to 60 percent of the Center Party's voters and just over 50 percent of the Liberal Party's voters.

The reverse side of the coin is that Liberal Party voters are very approving of the government's policy. About 45 percent give the Palme government a higher than passing grade, compared to about 35 percent of the Center Party's voters.

The figure for the Liberal Party must be interpreted with caution, but it may indicate greater sympathy for the government's policy.

In the previous poll, about 33 percent of the Liberal Party's voters were favorable to Palme.

Those saying they "don't know" are found mainly among Center Party and VPK sympathizers.

Question of Confidence

The voters polled were asked to answer the following question:

"Do you have great confidence or little confidence in the government we now have?"

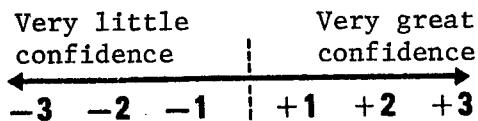
The voters answered by naming a figure from minus 3 to plus 3, depending on their degree of distrust or confidence.

Here are the results of the June poll in percentages:

Confidence	Distrust
Plus 3: 13.6	Minus 1: 13.7
Plus 2: 21.3	Minus 2: 11.6
Plus 1: 23.3	Minus 3: 13.4
Total 58.2	Total 38.7

The highest mark--plus 3--was granted by 31.4 percent of Social Democrats, and the lowest failing grade--minus 3--was given by 33.4 percent of Conservatives.

How it Works



The voters answer by naming a figure from minus 3 to plus 3, depending on the degree of distrust or confidence they feel toward the government we now have.

Palme's Experience Support Factor

Stockholm SVENSKA DAGBLADET in Swedish 24 Jun 85 p 9

[Article by Erik Liden]

[Text] Unlike the deceased Tage Erlander, neither Olof Palme nor Ulf Adelsohn, the two chief actors in the parliamentary election campaign, is a person who finds it easy to unite an entire nation behind himself.

SIFO [Swedish Institute for Public Opinion Polls] has questioned 1,058 Swedes about their attitude toward the two candidates for prime minister in this campaign: Olof Palme of the Social Democrats--who has held the job for a total of 10 years in two different periods--and Conservative Party leader Ulf Adelsohn, whose party stands at 30 percent in the public opinion polls.

SIFO notes clearly that neither Conservatives nor Social Democrats hold a particularly favorable view of the other party's leader. Only 1 percent of Social Democratic sympathizers feel that Adelsohn is most knowledgeable about the Swedes, compared to 78 percent choosing Palme. Conservative sympathizers also feel that Palme is most knowledgeable (38 percent, compared to 21 percent naming their own party leader).

On the other hand, Palme is seen by all voters as making the bitterest enemies (56 percent, compared to only 15 percent choosing Adelsohn). Even Social

Democratic voters feel that Palme finds it easiest to make enemies (42 percent, compared to 23 percent choosing Adelsohn).

On the key question of who inspires the most confidence as a politician, 34 percent vote for Adelsohn, while 38 percent support Palme--further proof that this fall's election is going to be a very close one.

Palme's experience gives him the advantage when voters answer the question of who would be the best prime minister in difficult economic times: 49 percent choose Palme, while 27 percent take Adelsohn. And 59 percent of all voters feel that Palme would be the most suitable prime minister if there were an increase in world unrest, while only 19 percent prefer Adelsohn.

On those two questions as well, Conservative sympathizers are more uncertain than Social Democratic sympathizers. Assuming increased unrest in the world, 49 percent of the Conservative Party's sympathizers put their confidence in Adelsohn, compared to 28 percent choosing Palme. Social Democratic voters give Adelsohn only 1 percent, while Palme garners 88 percent.

In difficult economic times, Conservative Party sympathizers would have greater confidence in Adelsohn (71 percent, compared to 8 percent choosing Palme). Here, too, only 1 percent of Social Democrats choose Adelsohn, while Palme has 86 percent.

The voters feel generally that Adelsohn is more honest, friendlier, and more fair toward opponents, does not make so many bitter enemies, and is a more balanced personality than Palme. On the other hand, Palme is clearly first when it comes to ideological conviction, knowledgeability concerning Swedes, intelligence, credibility and suitability as prime minister in difficult times.

Supporters of both the Center Party and the Liberal Party give Adelsohn their full backing in the competition with Palme.

Falldin Losing Party Sympathy

Stockholm DAGENS NYHETER in Swedish 27 Jun 85 p 2

[Editorial: "Center Party Has Key Role"]

[Text] The fact that Thorbjorn Falldin has gotten out of step with the Center Party's active members was obvious at the party congress last week. And now the "party leader barometer" published by the magazine VECKANS AFFARER shows that Center Party voters are wavering in their confidence in Falldin: barely 70 percent consider him a plus for his party. In previous polls, the Center Party leader--like the leaders of the other parties--had been scoring around 90 percent.

The setback can be explained in part by Falldin's lengthy illness, which fed speculation. The fact that a Center Party newspaper--LANS-POSTEN in Orebro--had "news" of Falldin's impending resignation increased the credibility of such speculation. As happened a few years ago with Ola Ullsten, the feeling has

been spreading that it is only a matter of time before the party leader steps down. In such a situation, he is not exactly an asset to his party.

No one knows how the Center Party's voters feel about Falldin's stand in favor of cutbacks in health insurance and against a reduction in the value-added tax on food. It is clear, however, that resolutions opposed by the party leader were pushed through at the party congress and that a picture of discord has become more pronounced as a result. The conclusion that Falldin has lost his once-strong grip on the Center Party is grounds in itself for wavering confidence among the voters.

In the same issue of VECKANS AFFARER, there is a party barometer in which the Center Party stands lower in public opinion than it has in corresponding polls during the period since the last election. The 12.5 percent reported by VECKANS AFFARER is in fair agreement with the results of other current public opinion polls. They suggest that the party is on its way to another election setback that is not likely to be offset by cooperation with the KDS [Christian Democratic Union] as far as the number of seats in Parliament is concerned. So how will the Center Party look after the election? It was obvious at the party congress that unlike the party leader, the old circle of ministers--Karin Soder, Nils G. Asling, and Anders Dahlgren--found fewer ready listeners among the delegates. The exception was Olof Johansson, who has increasingly come to represent both the "green" younger generation in the Center Party and the party's traditional core. Regardless of whether Thorbjorn Falldin resigns after the election or stays on for a while longer, there is a mood in the Center Party favoring less nonsocialist cooperation and more bloc-crossing politics aimed at results. And combined with that mood is a stronger emphasis on the party's distinctive issues--a strategy that Olof Johansson develops in a recent issue of the ideological organ POLITISK TIDSKRIFT.

At the Center Party congress, his description of the years of nonsocialist government as "a constant battle" gives expression to a negative view of the possibilities for continued cooperation. If there is a nonsocialist majority after this fall's election, and regardless of its own election results, the Center Party will place extensive conditions on its participation in a three-party coalition--perhaps with the secret idea that it would be best for the attempt to fail right from the start. The irritation shown by the Conservative and Liberal Parties when Thorbjorn Falldin demanded that Parliament's decision on the phasing out of nuclear power be written into a government program was only the beginning of that tug-of-war.

It appears, however, that Olof Johansson wants to use the Center Party's position as a middle party as more than a means of exerting influence in connection with "green" issues (energy, the environment, and agriculture). In POLITISK TIDSKRIFT, he expresses a double ambition to reduce the polarization that has been caused by the Social Democrats and Conservatives and, at the same time, prevent cooperation between those two parties in the area of energy policy. He does not draw the explicit conclusion that the Center Party should seek cooperation with the Social Democrats, but he lets it be understood "between the lines."

On several occasions, a change of party leader in the Agrarian Party-Center Party has been combined with a political change of course. The best-known example of this was Axel Pehrsson in Bramstorp, who pushed his predecessor aside and pulled off the "horse trade" with Per Albin Hansson. Thorbjorn Falldin's election as Gunnar Hedlund's successor, on the other hand, was to result in a stronger commitment to nonsocialist cooperation than at any time previously in the party's history.

The pendulum now seems to be swinging back the other way. There is reason to wonder whether the Conservatives and the Liberal Party were fully aware of Thorbjorn Falldin's decisive role in the formation of a nonsocialist majority government--the fact that the Right has pushed Ulf Adelsohn so strongly as a candidate for prime minister suggests that they were not. The changes underway in the Center Party mean that a change in government from one bloc to the other cannot be taken for granted if there is a nonsocialist election victory.

Adelsohn, Palme Contest Dominates

Stockholm SVENSKA DAGBLADET in Swedish 27 Jun 85 p 2

[Editorial: "The People and the Party Leaders"]

[Text] This fall's election will not be just a contest between the Conservative Party as the leader in the nonsocialist bloc and the Social Democrats. To a large extent, it will also be a struggle between the two leading personalities in Swedish politics: Ulf Adelsohn and Olof Palme.

What makes such a struggle especially interesting is the fact that the personal issue has obvious political dimensions. Adelsohn represents a modern-day politician who sees his most important task as being that of depoliticizing Sweden.

Adelsohn has also challenged the Social Democratic Party among voter groups which the Conservatives have traditionally found it difficult to reach. Barely 4 years after Adelsohn took over, the Conservative Party has a broader social base than ever. Moreover, this has been achieved at the same time that the party's hold on its traditional voters has, if anything, been strengthened.

More than anything, Olof Palme represents the politician of the strong social state. He puts all his trust in political solutions. He is the foremost representative of manipulative statecraft in our country, having been brought up, as he was, in the Sweden of the boom years and endowed, moreover, with a strong measure of thirst for personal power.

The two party leaders represent two entirely different forms of leadership. Olof Palme makes a point of being the only leader at the top of his movement's pyramid of power with no real friends. To a large extent, his exercise of power is personal. No other Social Democrat says "I" as often as he does. He strives to present a picture of himself as a moral, almost puritanical politician whose chief task is to hold the movement together.

But his self-willed exercise of power means that another picture dominates in spite of everything: it is the picture of a ruthless practitioner of confrontation politics who surrounds himself with yes-men and rewards and punishes those around him.

Ulf Adelsohn wants to see himself as a team player. He wants to be popular and constantly takes criticism to heart. He can even stay in the background--some people think he does it all too often--to let others step forward so that his party can show greater breadth.

Adelsohn shuns the role of the lone wolf. On the contrary, he is highly dependent on those around him. If Olof Palme's strength lies in the intricate power game, Adelsohn's lies in political intuition. And whereas Olof Palme lives for politics, Ulf Adelsohn's elixir of life is, in general, anything not related to politics.

Polls by SIFO and the SEMKA polling institute--the latter published in VECKANS AFFARER--concerning the picture voters have of the party leaders indeed show that it is far from certain that Ulf Adelsohn's more attractive personality means a nonsocialist election victory. But he is undoubtedly well situated to place the Conservatives in an even stronger position among the voters than is indicated by today's high public opinion figures.

SIFO shows that Olof Palme has an advantage due to his longer experience, but that people find it far easier to like Adelsohn's personality, a fact that also strengthens the Conservative Party's political image.

The poll in VECKANS AFFARER shows that Adelsohn is in a very strong position among Conservative voters. In fact, he currently scores higher than even Costa Bohman did in his time. But even more interesting is the fact that Adelsohn enjoys great respect outside the Conservative camp as well. Just under three-fourths of the voters believe that he is an asset to his party. The corresponding figure for Olof Palme is just under two-thirds. And it must be remembered in this connection that Adelsohn has persistently pursued a line on economic issues that assuredly does not elicit cheers.

It is also striking that Lars Werner is actually believed to be more popular than Olof Palme. Reports in the mass media have concentrated primarily on the low figures for Thorbjorn Falldin. But after all, the party he heads is in great difficulty. It is actually more remarkable that Olof Palme encounters so little confidence outside his own ranks.

Olof Palme has been leader of the Social Democrats for a decade and a half. It seems that he will never be anything else. He controls the government with the support of the Communists. But the liking of the Swedish people is something that he will obviously never have.

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POLITICAL

SWEDEN

POLL FINDS PERSONAL FREEDOM ISSUE DECISIVE FOR VOTER CHOICES

Stockholm SVENSKA DAGBLADET in Swedish 24 Jun 85 p 9

[Article by Erik Liden]

[Text] Personal freedom will be a major decisive issue in this year's election campaign. The way the freedom question is handled will be decisive for nonsocialist voters' party choice and the same is true of many undecided voters.

This appears from a SIFO [Swedish Institute for Public Opinion Polls] survey that was carried out for SVENSKA DAGBLADET in the period from 8 to 24 May. A group of 1058 voters was interviewed and only 3 percent could name no political issue that was decisive for their choice of party in September.

Freedom a New Issue

The freedom issue is new among the traditional major issues in an election campaign, where employment, taxes and welfare have long been the dominant themes. In spite of the attention given to it, defense and security policy, which was the subject of a lot of discussion in the last year, came far down on the list of priorities of the five parties represented in Riksdag.

The employment issue is the most important one for Social Democrats. Some 53 percent of Social Democratic voters put employment in first place compared to 32 percent of VPK [Left-Communist Party] sympathizers, 24 percent of Center Party supporters, 36 percent of Liberal voters and 24 percent of Conservative Party voters.

Taxes Decisive for Conservatives

Taxes are decisive for Conservative voters. Some 42 percent gave this issue a high priority and 20 percent said that a reduction of public expenditures is a prerequisite for tax reductions. The freedom issue comes second with the Conservatives, with 34 percent listing it as decisive. Employment comes third with 25 percent giving this answer, followed by public spending with 20 percent.

Liberals put employment and freedom first with 36 and 34 percent giving these answers respectively. Taxes are in third place with 20 percent. Arms control and peace got 17 percent and came in fourth.

Three questions are at the head of the list as far as the Center Party is concerned, the value-added tax on food, freedom of choice and employment, all of which got 24 percent. Farm economy was a close fourth with 22 percent.

After employment, which got 53 percent of the responses, welfare, pensions and social security came in second with Social Democrats with 35 percent of the responses from socialist voters. The economy of families with children shared third place with arms control and peace at 19 percent.

Peace Dominant for VPK

Arms control and peace headed the list for VPK voters at 41 percent, followed by the value-added tax on food and employment which got 32 percent each. The economy of families with children came in fourth with 26 percent of the VPK sympathizers giving that answer.

Among the 8-9 percent who told the SIFO pollsters that they were still uncertain about which party to vote for, employment was the dominant issue at 33 percent. Freedom was in second place at 21 percent, followed by the economy of families with children at 20 percent and taxes at 16 percent.

Among all voters employment led the list at 38 percent, followed by taxes at 24 percent, welfare, etc. at 22 percent and freedom of choice at 21 percent.

SIFO emphasized that the issues are decisive for the party choice made by individual voters and do not indicate the most interesting issues in politics at this particular time.

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CSO: 3650/274

POLITICAL

SWEDEN

CHRISTIAN PARTY CHIEF DEMANDS ROLE IN NONSOCIALIST GOVERNMENT

Stockholm DAGENS NYHETER in Swedish 28 Jun 85 p 8

[Article by Ake Ekdahl]

[Text] Norrkoping--"I cannot promise that I will never bring down a non-socialist government. If I made that kind of commitment in advance I would not belong in parliament. Thus it would be politically wise of the parties forming a government to let KDS [Christian Democratic Party] participate and have some influence on the government program in the event of a power shift after the election this fall." KDS leader Alf Svensson said this to DAGENS NYHETER.

He did not issue any ultimatum concerning the content of a nonsocialist government declaration but he thought it would be reasonable to have KDS influence government policy from the beginning.

"We are not captives of the nonsocialists. There are practical advantages in allowing us to read a government program before it is presented in Riksdag and in including us even when it is being written."

Alf Svensson mentioned two areas in particular where he has great hopes from a nonsocialist government: that it will not cut aid to poor nations and that it will create more fairness in family policy with respect to families with children and other households.

"Note that I am not demanding cabinet posts. If I did that the result would be that Olof Palme would immediately start waving his arms in an even wilder fashion."

Decisive Role

If there is a nonsocialist election victory KDS will have a decisive role in Riksdag. In the past the party has been unwilling to align itself with either political bloc but in practice it chose its ideological side through the election cartel with the Center and the demand for the elimination of wage-earner funds. Recently municipal cooperation between the Social Democrats and KDS has also been increasingly scaled down.

However Alf Svensson will not pledge absolute loyalty in advance to a non-socialist government in the same way as VPK [Left-Communist Party] has done through the years for a labor government. He simply expresses pious hopes that this situation will never arise and force KDS to make a choice.

For this reason Alf Svensson wants a joint nonsocialist election document covering several areas even before the election, including statements on wage-earner funds, environmental policy and family policy.

Lower Tax on Food

In Riksdag KDS has become the third party working for a lower value-added tax on food. VPK has been making this demand for a long time and now the Center Party has joined in.

When Alf Svensson opened his party's national assembly in the Norrkoping Exhibition Center on Thursday he put a lot of emphasis on the problems KDS encountered on its way to parliament. He found big gaps in Swedish democracy and accused the big parties, especially the Social Democrats, of power hunger and self-sufficiency.

Alf Svensson called for more political freedom in Sweden and wanted the country to have a freewheeling democratic debate that would attack conformity and uniformity and strike down the Big Brother tendencies with respect to democratic renewal.

"The representatives of the government party are so blinded by power hunger and self-sufficiency that it is high time to change governments. The government is so intoxicated with power that it does not hesitate to use unconstitutional arguments and misleading methods in the campaign in an effort to retain power," he said.

Liberal Bengt Westerberg also came in for his share. Alf Svensson specifically asked the Liberal Party leadership to show more interest in coming to an understanding with parties that are not socialistic instead of sowing seeds of dissent between parties that are prepared to take over from the Palme government.

"Would the Liberal leaders rather see a continuation of Social Democratic rule than include KDS in the creation of a nonsocialist majority? If so, tell us the truth now."

According to Alf Svensson the Swedish political debate is aimed more at scaring the voters than at explaining political programs. Thus it may be part of the game that several sides are now trying to scare the voters away from KDS, he said.

The KDS leader asked the Liberal Party to form a united front with KDS in defense of aid to developing countries.

At the same time he expressed willingness to cooperate with Conservative Party members who support conservative values. He sees a dividing line between those who support conservative values and neoliberals that splits the Conservative Party right down the middle.

Conservative Party leader Ulf Adelsohn is on the wrong side of the line when it comes to smooth cooperation with KDS, in Alf Svensson's opinion.

"If I were to make a comparison, Bohman was better at producing results and he was a more pragmatic politician than the neoliberal forces that have such a major influence on the Conservative Party today," Alf Svensson told DAGENS NYHETER.

But Alf Svensson wants to leave the door for cooperation open even where Adelsohn is concerned and he hopes that the rumors from Stockholm City Hall are true when they say that when he was a municipal politician Adelsohn was able to cooperate even with Social Democrat John-Olle Persson.

A coalition government across bloc lines with Kjell-Olof Feldt as the unifying force is regarded as a reasonable and correct idea by the Christian Democrats.

It would not be hard to get KDS to support a coalition government, KDS leader Alf Svensson said at a press conference before the party's national assembly opened in Norrkoping on Thursday.

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POLITICAL

SWEDEN

CENTER MEETING 'FIRST ATTEMPT' TO MOVE AWAY FROM FALLDIN

Stockholm DAGENS NYHETER in Swedish 20 Jun 85 p 2

[Editorial: "Liberation from Falldin"]

[Text] The Center meeting's demand for the removal of the value-added tax on basic foodstuffs is a sign of Thorbjorn Falldin's weakening authority. He was the only one to oppose the motion and express doubts about whether it should be included in the election program.

How does one distinguish between basic foodstuffs and other kinds of food? And is the meeting really prepared to raise the value-added tax on other goods up to 27 percent from the current 23.65 percent in order to finance the reduction on basic foodstuffs? These questions were raised by Falldin who added that he was the person who would have to defend the decision in the campaign. Unmoved by the party leader's appeal, the Center meeting turned the matter over to the party committee which was asked to come up with a detailed practical solution.

It is a serious matter for the Center that the formerly victorious party leader has ended up in the role of loser--also in practice when it comes to health insurance when the Center meeting backed the district rejection of cuts in that area. It is important for Falldin that the pluses and minuses are added up before the election: he knows from experience what can happen if voter expectations with regard to a popular commitment cannot be satisfied. But the pressure from below has overpowered him.

Actually there are several obscure points in what the meeting decided about the value-added tax on food. It has not yet been decided whether this should involve an elimination or merely a reduction of the tax nor is it clear if the method used will be increased subsidies or an actual differentiation of the value-added tax--but they would prefer a reintroduction of food subsidies that would offset the value-added tax. One complication is that the meeting rejected a proposal to have the change occur in stages.

When Falldin demanded a definition of "basic foodstuffs," he was told they included products from farming, market gardening and fishing--an expansion from the earlier definition of milk, pork and other kinds of meat. But this would include only unprocessed products, for instance steak but not sausages

(aside from the raw materials in the sausages). The value-added tax on basic foodstuffs under the earlier narrower definition provides the state treasury with 7 or 8 billion kronor a year. All the participants in the debate have assured us that they are willing to compensate the treasury for the loss of the tax revenue, but without--like Falldin--specifying the amount of the tax increase that will be needed on other products.

When the Center presents its election manifesto in early July the figures will have to be ready. Congratulations are hardly in order for the party leadership.

One reason for all the confusion is that the motives for removing the VAT on basic foodstuffs are somewhat mixed. Behind all the talk about protecting consumers, especially families with children and low-wage earners, there is very little substance. The committee on a differentiated VAT that was appointed after the Social Democratic government's "chicken race" with VPK [Left-Communist Party] in the fall of 1982 said in its report "Should We Eliminate the Value-Added Tax on Food?" that the distribution effects were unclear and that there was probably not much impact on the volume of consumption with the exception of meat consumption.

In reality, although this was not mentioned much at the Center meeting, producer considerations played a much larger role in the Center stand--which is reinforced by the fact that the debate has concerned the tax on unprocessed goods. The meeting's statement should be seen primarily as a political response to the tractor demonstrations this spring and the big farmers' demonstration in Stockholm. How much farmers are really helped by food subsidies or a differentiated VAT seems to be a secondary issue. Actually, real income developments for consumers are more important when it comes to selling products.

However the Center meeting also showed that the party can free itself from production interests. An important decision that was not given much attention called for a plan to reduce the use of chemical herbicides and pesticides in agriculture. It will undoubtedly take an effort but it also means that the Center is liberating itself from its Achilles' heel in environmental policy.

The Center meeting did not take a stand on other controversial issues where the differences could not be concealed behind compromises or vague statements. The only result of the heated debate on video violence, in which advocates and opponents of a preliminary study flailed away at each other, was the establishment of a reference group. The question of financing Swedish Radio with advertising, which was studied last year, was held over for next year's meeting.

It was not considered meaningful to discuss election cooperation with KDS [Christian Democratic Party], the value of which is still controversial, so soon before the election. Alf Svensson was not invited to attend the meeting and KDS was hardly mentioned in the flood of praise for the politics

of the middle. There did not seem to be much enthusiasm for the dexterity of the party leadership.

This year's Center meeting can be seen as an attempt at liberation from Thorbjorn Falldin's strong influence and a reorientation from bloc politics. The remarkable thing is that this is happening just before an election that the party is approaching with weak figures in the polls. In the short run the most important thing for the Center will probably be to have Thorbjorn Falldin stay in good health and regain his good humor.

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POLITICAL

SWEDEN

CONSERVATIVES' STAND ON WELFARE STATE VIEWED

Stockholm SVENSKA DAGBLADET in Swedish 25 Jun 85 p 3

[Op Ed Article by Hans Haste and John-Olof Persson]

[Text] Hans Haste is a writer and chairman of the Hogalid Social Democratic Society. John-Olof Persson is commissioner of finances in Stockholm. An earlier article by Hans Zetterberg was published on 23 June.

Conservative voters are clients of the public sector to a much greater extent than Social Democratic voters. Therefore Conservative voters have a special interest in having it function well. Eliminating the public social and cultural services would hit Conservative voters very hard, according to Hans Haste and John-Olof Persson.

There has been a counterrevolution in large parts of the western world in the last few years that is aimed in part at wiping out the results of the welfare policies of the last couple of decades. The American economist Galbraith has called this "the revolt of the rich against the poor."

This revolt is also going on in Sweden where a militant right has organized with the Conservative Party and to some extent the little Liberal Party as well serving as parliamentary delegates. The overall message of the right wing has been that the "Swedish model" no longer works.

It is claimed that the equalizing welfare policy that has long been pursued seriously impairs economic development and makes people unwilling to work, thus undermining the very foundation of our prosperity. Therefore the system should be changed. In other words popular democracy should be replaced with a new system.

No Indication

The Conservatives have provided some idea of the immediate changes in the Swedish social system they would make in the event of an election victory

in several party motions presented in Riksdag this year. But they have not informed the Swedish people of the total long-range impact of DNS, the New System.

When we wrote the book "Popular Democracy or a Change in the System" in the spring we tried to interview Ulf Adelsohn in an effort to gain clarity on this decisive point for the Swedish nation. After thinking it over for a long time he decided not to say anything about the planned change in the system.

Therefore we read with special interest the instructions on the main themes of the election that were sent to party organizations at the beginning of the summer. Surely they would contain clear information about the New System that the Conservatives intend to start implementing after 15 September.

But no, they did not include a single word about this subject. The document gave no indication of the main issue in this election: popular democracy versus a change in the system.

Propaganda Soft-Pedaled

Instead of being brutally frank the Conservative campaign managers soft-pedaled their propaganda. No concrete information was given and absolutely no provocative statements were made. Swedish flags fluttered against a clear sky in which the seagulls of freedom swooped, symbolizing the promised "Future in Freedom":

"Our message is that every citizen should have greater opportunities to control his own life. We are talking about personal freedom, freedom of choice, influence and humane responsibility."

This basic creed of freedom was exemplified in two short sections under the headings "The Right to be an Individual" and "The Right to Choose." Following a section on the economy (funds, taxes, unemployment, the national debt) the Conservative Party leadership reiterated the point that "the freedom message should set the tone in all our material.... We will use the Swedish flag as a symbol that we are prepared to assume responsibility for the country."

Change in Style

That is about all there is to it. Gone are the aggressive attacks on popular democracy and the unguarded statements about the New System. Quite simply the Conservatives have been forced to moderate their heated agitation and change their style and election strategy.

The party leaders probably realized that they had gone much too far in the past. No matter what party we belong to we Swedes are not revolutionary by nature. Big upheavals are not part of the Swedish tradition.

We do not like abrupt changes in social development. We do not want to throw out a tried and tested system and replace it with something entirely new and unknown. Most Swedes think our society functions well, by and large, and they are solidly behind it. They do not want to take part in a social de-escalation.

We may be critical of certain details but we do not want to help destroy the system that has been built up by generations of Swedes. In that sense there is a healthy conservatism in Sweden. Talk about "changing the system" alarms a lot of people.

Insipid Freedom Message

It is obvious that the Conservatives are now trying to tone down their earlier statements. That is why Adelsohn refuses to be interviewed about DNS. That is why the Conservative organizations are being instructed to present a weak and insipid freedom message with blue and yellow Swedish flags and white seagulls instead of agitating for a new Swedish social order.

That is also why they have moderated the attacks on the public sector. Right-wing propaganda has tried for a long time to convince the people that the state and municipalities are wasting their money on unnecessary things or services that they could take care of themselves in a cheaper and better way.

They have promised an extensive "privatization" which should more properly be called commercialization. Society would generally continue to pay for the various activities as it always has, but they would be run on a contract basis so that private business could make a profit on health care, child care and other social services.

Conservative Clients

When the Conservative leaders planned this campaign they ignored several vital factors:

The Swedish people feel a strong sense of solidarity with our present social system.

Conservative voters make use of services in the public sector to a much greater extent than Social Democratic voters, for example. The groups primarily addressed by the Conservative Party are extensive users of child care, libraries, theaters and other cultural organs, higher education and other social services. That is why Conservative voters have a special interest in the smooth functioning of the system. Eliminating public social and cultural services would be especially hard on Conservative voters.

Conservative voters are apt to work in the public sector to a very large extent. This can be seen from the fact that the majority of delegates at

the last Conservative Party congress were public employees. Quite naturally they are as anxious as anyone else to protect their own jobs.

Weak Support for Privatization

Now an opinion poll conducted by the Swedish Gallup Institute also shows that Conservative voters are by no means eager to introduce "privatization." When asked if they wanted to transfer certain municipal activities to the private sector, only 8 percent of the Conservatives interviewed said yes with respect to firefighting services, 30 percent with respect to cleaning services (a large part of which are already taken care of by individual contractors) and 31 percent with respect to daycare centers for children. Some 15 percent approved of making hospitals private and 14 percent approved of private elementary schools.

In all cases the support for privatization seems very weak. And the figures here are for Conservative voters in Stockholm; the figures were lower in other parts of the country.

Thus even Conservative voters refused to support their party's demand for extensive privatization/commercialization of public activities--for good reason, as we have seen.

Fading Out

These feelings in their own ranks are now beginning to be apparent to the Conservative Party leaders. That is why they are toning down their earlier pronouncements. The high-pitched agitation for "private operation of child-care institutions, schools, health care and care for the elderly" and "strengthening the market economy in all areas" (Conservative Party motion, 1985) are now fading away in the screech of the gulls, while the blue and yellow flags flutter in the summer breeze.

Ulf Adelsohn would not answer our questions about the New System a few months ago. Now we are back and we want to ask him the following questions:

1. Has the Conservative Party canceled previous plans to change the system in the realization that the Swedish people do not really want a new social system?
2. If the answer is no and a change in the system is still part of the Conservative plans, how long a period of time would the changeover take? After the change has been implemented what will be left of the social services that recent generations have worked to create and what will the Swedish society look like when the New System has been fully implemented?

We think it is in the interest of democracy that Ulf Adelsohn speak out clearly about the Conservative Party's real long-range intentions for the future of our country.

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MILITARY

EUROPEAN AFFAIRS

EFA PROJECT STILL STALLED IN NATIONAL, TECHNICAL CROSSWINDS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Jun 85

[Article by Karl Feldmeyer: "The Future European Fighter Aircraft is Headed for a Crisis/National Economic Interests/France and Weapons Exports/Woerner Seeks a Compromise"]

[Text] Bonn, 14 June. This coming Monday a decision will be made regarding EFA. EFA stands for European Fighter Aircraft, and the attractiveness of this EFA is quite limited: namely, to the armed forces and the armament industry. For EFA will, if it materializes, be expensive. Even before its existence it is causing difficulties, substantial ones, as a matter of fact, for the fathers cannot agree on how large their "child" is to become and what capabilities it is to have. The controversy over EFA, the crux of which is whether France, England, Italy, Spain and the FRG are jointly to develop and produce a fighter aircraft with which their air forces are to be equipped in the 1990's, is in the balance.

On Monday the defense ministers of the five nations will meet in London. To be decided is whether EFA is to become the joint project of the five countries, or whether some other solution is to be arrived at. The decision in this matter will most likely be made primarily by France, which would have to abandon its plans to play the controlling role in development and construction and settle for the role of an equal among equals.

After the Disaster

For the German Luftwaffe, the problem is a different one. It has been trying since 1976 to get a fighter aircraft to replace the F-4 Phantom, which is already for the most part obsolescent and which is currently the airborne air defense component operating over the territory of the FRG. Not buying this successor aircraft abroad as a finished product, but having it developed and built at least in part in Germany instead, is not so much the concern of the German Luftwaffe. The Luftwaffe would be satisfied if it could obtain a high performance weapons system with which it can assert itself in the event of a conflict against the ever growing and ever more modernized Soviet air forces. Interested in production [of this aircraft] in Germany is the German industry, which wants to maintain its technological lead, and the government and the labor unions, which must be concerned with jobs, technological capabilities, and the limitation of weapons imports.

However, the decision to procure a new aircraft following the disaster with the "Tornado" is not only psychologically a difficult plan--financially, as well, it is difficult to implement. Already in 1980, Woerner's predecessor in the defense ministry, Apel, stated that there was no money in his budget for the development of a new fighter aircraft.

It was only after the change in governments that new deliberations began to be made. Since 1983 they have led to talks with France, Italy, Spain and Great Britain, which expressed interest. In December 1983 the air force commanders of these five countries were able to sign a so-called "Outline European Staff Target," a sort of joint tactical request for a new aircraft. Ten months later they succeeded in putting into more concrete terms this catalog of criteria and better harmonizing their divergent views.

Up to that point the problems seemed not to exceed the norm. That this was not the case became apparent when the contracting firms of the five countries presented the results of this contract in February of this year. Not one joint study was submitted, as requested, but two. One which concerned itself with the prescribed norms, namely a single-seat aircraft with delta wings, a leading edge slat--required for increased maneuverability,--an empty weight of between 9.25 and 9.75 tons, as well as two engines with an output of 88 Kilonewtons each. This study was submitted by the German, British, Italian and Spanish firms. A second study was submitted by the French. It deviated from the prescribed data, particularly from the prescribed weight and the technical capabilities resulting therefrom.

In addition, it was apparent that the French were not interested in participating on an equal rights basis, but in taking over the supervision of the overall program, in short, that they did not want partners but only subcontractors and junior partners.

The reason for this deviation was only too clear to the partners. The French were attempting to gain acceptance for a national development of their own, namely the aircraft undergoing development under the designation ACX and the M-88 engine likewise under development. How far the French have progressed with this project is evidenced by the fact that this aircraft's maiden flight is to take place in April 1986 already. National intentions were also discernible on the British side. There a parallel development is taking place, namely the prototype EAP, which is to make its initial flight in June 1986. It was also evident that England has the understandable desire to modify and increase the output of the RB-199 engine developed for the Tornado in such a way that it will meet the performance parameters required for the fighter aircraft--in other words, that the jointly produced aircraft be equipped with the British engine.

These two rivaling French and British national interests were mutually obstructive. So as to come up with a solution, nevertheless, the defense ministers and the national armament directors met again in Rome in mid-May. There Defense Minister Woerner, especially, spoke out in favor of the five-country concept. He made it clear to the partners that he would accept neither the French nor the British development program in place of the five-country approach, but that, so as still to achieve success in the five-country group, he would request the

single joint feasibility study still this summer. This study was to be submitted and coordinated at the upcoming meeting in London. In the meantime it has become clear that there will be no joint draft in London. Woerner nevertheless plans to do his utmost so as to arrive at a compromise by the end of August. If no agreement can be reached, Germany will either develop the aircraft with England, Italy and Spain alone, or it will enter into a cooperative venture with the United States.

The Affected Enterprise

It appears as if the French want to allow the five-country plan to fail, even though Defense Minister Hernu and President Mitterrand favor cooperation. The French aircraft industry, especially the Dassault firm as the enterprise affected, but also the labor unions, which are concerned with employment, and the non-socialist political parties, prefer to preserve the autarky of the French aircraft industry. This, however, if at all, is possible only with junior partners, not if development and production are divided equally among the FRG, France and Great Britain (24.5 percent each), plus Italy (16.5 percent) and Spain (10 percent). It will be this question, primarily, as well as the location of the administrative and industrial organization for the five-country project and of the technical director, which will have to be decided in London. The fact that the cooperation in armaments engineering by the European countries in NATO as a prerequisite for "strengthening the European pillar in NATO" is being pointed out in political speeches again and again does not change the fact that the cooperation of several nations in such projects if first of all more expensive than national solutions, and secondly that it leads to so many compromises between divergent concepts that losses in performance capabilities are just as unavoidable as increased costs.

The French aviation industry affected also admits this, for good reason. It wishes to go it alone in its production, along strictly national lines, so as to remain competitive. Dassault does, after all, sell 75 percent of its military aircraft abroad.

Also in the cooperative venture now planned, it has already become apparent that it will first of all be more expensive than the absolute cost of national developments, and that, as far as the design of the aircraft is concerned, it will require compromise. The costs for a joint five-nation development are calculated at DM7.5 to 12.4 billion, of which the FRG would have to assume a share of DM3.6 billion or more. A development along strictly national lines, by contrast, would cost a total of only DM6.5 billion.

This difference stems from the fact that, if going it alone, one would confine oneself to developing the airframe in line with one's own requirements, and in the selection of the jet engine and the radar one would use the best product already on the market, viz. the F-404 engine and the APG-65 radar likewise developed in America, which the Luftwaffe is already installing in its Phantom fighters to keep them operational until they are replaced by the new fighter. This sensible solution, to be sure, is out of the question in a joint European aircraft development. Since for the French an American radar and an American engine are unthinkable in a European aircraft, since they also view a further

development of the British RB-199 engine as unreasonable, while the British, for their part, have just as categorically rejected the French engine--which is too weak anyway, the ministers agreed during their meeting in Madrid already to develop a completely new engine: its costs estimated at DM3 billion. The costs of a new--European--radar, which would likewise have to be developed, is estimated by the experts at DM1 to 1.4 billion, whereby they suspect that it will not match the performance that the APG-65 radar manufactured by Hughes already offers today. In view of this, it is small consolation that in the joint project the FRG, with development costs of DM3.6 billion and procurement costs of DM17.5 billion for 250 fighters, would spend less than if going it alone. If one were to choose the latter course, one would have to bear the development costs of DM6.5 billion alone, and would have to reckon with procurement costs--because of the lower total number of aircraft produced--of DM19.5 billion. Thus in conclusion it can be noted that even cooperation with the European neighbors brings certain advantages.

12689
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MILITARY

GREECE

ARMED FORCES POLITICIZATION ALLEGED IN RECENT RESIGNATIONS

Athens POLITIKA THEMATA in Greek 14-20 Jun 85 pp 16-17

[Excerpt] Neighborhood-level, unfortunate appearances, where gossip becomes an element in upsetting the career of general officers, are often behind the changes made necessary when political contraposition coincides.

And the worst thing is that some of the most capable armed forces officers, who still had an enormous amount to contribute, reached resignation this way, at a time when cohesion and harmony, but also exploitation of the entire staff potential, is more necessary than ever.

More specific information has reached POLITIKA THEMATA, but it prefers--for the present--to refer to the statements of the former navy officer, and now deputy from Athens, Papadongonas, who, referring to the resignations of two navy rear admirals, Anast. Triandafyllidis and And. Theokhoris, poses a list of questions to the alternate minister of national defense, And. Drosogiannis.

Papadongonas asks:

Who allowed the PASOK government to designate as a criterion for promotion of general officers their political "credo," while everyone knows that, under ND governments, the present armed forces leadership, though having a different political affiliation, obtained important positions and honors?

Aside from the officers' political convictions, however, apparently also a function is accessory information about the political or trade-union activities of other members of their families--as if a general officer could, or is obliged to, command that his relatives' or spouses' ideology conform to that of the government of that time--information which often appears to influence, in fact decisively, their advancement....

In fact, the case is cited of an officer who resigned because his son had hung ND banners on the balcony of his house in the pre-electoral contest!

This is probably the first time this conception of collective family responsibility, which is evaluated and enters the service files of armed forces officers, is being sanctioned. And its generalization by chance can only be a dangerous principle which can create many problems.

Information reaching POLITIKA THEMATA are in agreement that, in the recent resignations of navy general officers, these elements, or something similar, created oppressive situations.

Just as another oppressive situation was created by the mass immobility and substantial replacement of an important number of navy regular non-commissioned officers with new entrees. According to information, this fact is connected with political evaluations of the navy leadership and the need for forming another balance.

9247

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MILITARY

ICELAND

FACING UP TO FACTS ON QUESTIONS OF SECURITY

Reykjavik NEWS FROM ICELAND in English Jul 85 p 13

[Text]

This is the last article in a three-part series on Iceland's participation in the North Atlantic Alliance, written for News From Iceland by Björn Bjarnason, deputy editor of Morgunblaðið.

The policy of guaranteeing Iceland's security through membership of NATO and the defence agreement with the USA now enjoys broad political support at the Althing, the national parliament. Of all issues concerning the implementation of this basic policy, none is more sensitive than the question of nuclear weapons.

In the spring of 1980, opponents of the security policy claimed to have evidence for the presence of nuclear weapons on Icelandic soil, which was later disproved. Again, claims were made in December last year that the president of the USA had authorized the deployment of nuclear devices in Iceland during times of international crisis or war, more specifically 48 nuclear depth charges for the PC-3 Orion AWS planes stationed at the Keflavík naval air base.

Further evidence revealed that no such presidential authorization had been granted; although the Pentagon might have drawn up contingency plans they could not be put into operation without the express approval of the Icelandic government.

Washington for its part has followed its traditional policy of neither denying nor confirming any reports on the subject of whether nuclear warheads are or would conceivably be deployed in Iceland, simply repeating that it honours the terms of existing defence agreements.

Open to various interpretations

Foreign Minister Geir Hallgrímsson declared this April that the government's official policy on nuclear weapons also applied to vessels within the country's territorial waters or calling at its ports. In some quarters, this was interpreted as implying that Iceland was following the model of the nuclear ban imposed earlier in the year by New Zealand. However, Hallgrímsson put the record straight by drawing a parallel with Norway, which trusts its allies to respect its ban on nuclear weapons while not enforcing supervision of arms and equipment on board visiting vessels.

The following month saw parliament pass a unanimous resolution in favour of mutual and verifiable disarmament, at the same time reiterating that nuclear weapons will not be deployed in Iceland. During debates on this latter point, Hallgrímsson stressed that it did not change the existing policy of leaving ultimate responsibility as to the conceivable deployment of nuclear weapons in

Iceland in the hands of the government at any given time. Nonetheless, Hjörleifur Guttormsson, member of parliament for the left-wing People's Alliance and its representative on the parliamentary committee for foreign affairs, saw the wording of the resolution as implying that nuclear weapons will never be deployed in Iceland, neither in peacetime nor during times of conflict. In other words, his interpretation was that Iceland had been declared a nuclear-free zone.

Divisive unanimity

In my opinion, this latter reading of the resolution is incorrect, conflicting with the obligations assumed by Iceland through its membership of NATO. It has, however, been rightly pointed out in public discussions of the matter that Icelandic policy is consequently neither clear nor uncompromising. This I see as an unfortunate development, and potentially dangerous both domestically and in the international arena.

The overriding characteristic of the parliamentary resolution on disarmament is a desire to reconcile radically opposed points of view. As always in such cases, clarity is sacrificed in the search for the lowest common denominator, raising at the same time unfounded hopes that the world can be changed by simple means. The unanimous resolution on disarmament marks a turning point, since until now political parties have been unable to agree on any

aspect of security policy in a similar manner.

There should be no doubt that opponents of the defence and security policy will try to make political capital out of the disarmament resolution. The agreement reached at the Althing is actually likely to put a sharper focus back on divisions over foreign policy. In the wake of the unanimous vote, demands for more definitive policy statements have been put forward, in fact, by both advocates and opponents of the western alliance. Paradoxical as it may sound, parliament's generalizing resolution could well usher in a new era of uncertainty on defence issues, because of the disputes it will spark off outside parliament and the publicity it will be given in other countries, where it has been seen by some as a change of tack by Iceland away from NATO policy.

Joint trade and defence interests

I believe that the reality of Iceland's security requirements will not be changed by the simple fact that parliament has passed a unanimous resolution on disarmament. Security is one aspect of foreign policy, and so is international trade, on which Iceland is more dependent than most other nations in the world. Iceland's overwhelming reliance on commerce with the USA and European Community — in other words, the most powerful NATO

allies — will increase one stage further when the Common Market extends to the south and opens its doors to Spain and Portugal, two of the country's oldest established trading partners. The EC authorities will have to bear in mind Iceland's geographical status as the northern outpost of western security when they consider trade agreements and answer complaints about proposed tariffs on imports of Icelandic saltfish and salted herring. In return, Iceland needs to prove that it can be trusted to continue its alignment with these countries on defence matters.

History has shown that the Soviet Union tries to take advantage of every possible opportunity to pressurize Iceland through foreign trade, its only "legitimate" channel of influence. The main aim of Soviet policy towards Iceland is to gnaw away at and ultimately break its links with NATO. If this is allowed to happen in one form or another, the western nations will suffer a tremendous strategic setback in the North Atlantic.

As yet, however, there are no grounds for thinking that this problem is lurking just around the corner, but in order to keep it further at bay, Iceland and its allies alike need to remain on the alert. Their attitudes must be guided by an awareness of the need not only to maintain defences in Iceland, but also to do so without losing sight of the basic issues when tackling fleeting political fashions of the day.

CSO: 3600/22

MILITARY

NORWAY

SIEMENS NORGE TO BUILD COMPUTER SYSTEM FOR AIR DEFENSE

Oslo AFTENPOSTEN in Norwegian 14 Jun 85 p 38

[Article by Ulf Peter Hellstrom: "Contracts for EB and Siemens for Defense and Radio Line"]

[Text] Siemens Norge A/S is to develop a data terminal for the military which will improve the army's air defense. The contract is for 10 million kroner, but with an option for later production of equipment which may involve deliveries for an estimated 50 million kroner, according to Siemen's division chief Bjornar J. Samuelsen. EB NERA is to deliver a radio line system to Pakistan with a value of 53 million kroner. Both contracts were approved during the Nor-Com '85 exposition on Thursday.

The data terminal which Siemens is to develop for the military will be built entirely in Norway. The company has undertaken to develop both the machinery as well as the electronic components and the programs, division chief Samuel-
sen told AFTENPOSTEN.

The new portable data terminal is to function as an aid to air defense weapons. The terminal will be connected between the radar, artillery leaders and the individual artillery man. Information from the radar installation will be transmitted digitally through a communications system and presented in a manner such that the artillery man will learn nearly instantaneously the portion of the sky from which the enemy plane will appear. The equipment also will provide information concerning how far the plane has advanced.

"If the developmental work is successful, the option agreement is based on the military purchasing additional units--presumably on the order of 200 to 400 units. This can give us a production of 50 million kroner," states Samuelsen of the teletechnic division of Siemens Norge, which is a wholly-owned subsidiary of the large West German Siemens conglomerate.

EB NERA's delivery of a radio line system is being financed with the assistance of the Directorate for Developmental Assistance (NORAD). The equipment is to be used for an expansion of the telephone network in Pakistan's larger cities. The contract has been made with Pakistan's telephone company. The project involves digital equipment.

The first deliveries are to occur in December this year. EB NERA views this contract with interest because the developing country, Pakistan, has a great need for similar equipment in the further expansion of the country's telecommunications system.

12578

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

CARTEL OFFICE REMAINS ONLY OBSTACLE TO KRAUSS-MAFFEI SALE

Frenkfurt/Main FRANKFURTER ALLGEMEINE in German 15 Jun 85 p 16

[Text] Only the Federal Cartel Office can prevent this producer of defense and civilian products from being taken over by a predominantly Bavarian consortium of industry and banks. Dr Wolfgang Laaf, board member of Buderus AG, Wetzlar, the special steel works belonging to the Flick group, and supervisory board member of Krauss-Maffei, emphatically pointed out at the corporation's general shareholders' meeting that the Friedrich Flick Industrial Administration KGaA, Duesseldorf, and Buderus AG, Wetzlar, had decided to accept the take-over bid. Krauss-Maffei had received a corresponding notice by Flick as early as January of this year, which was kept confidential at the time.

According to Laaf's statements, the previously announced participation ratio is firm, subject to approval by the Cartel Office: 25.45 percent for the Bayrische Landesanstalt fuer Aufbaufinanzierung, a financial institution of the Free State of Bavaria; 10.9 percent for the Dresdner Bank; 10 percent for the Bayerische Vereinsbank; and 24.95 percent for RTG Raketen Technik GmbH, Unterhaching near Munich. Messerschmidt-Boelkow-Blohm GmbH (MBB), Ottobrunn near Munich, an aviation and space enterprise, and Diehl GmbH & Co. KG, Nuremberg, each hold a half-interest in RTG.

Buderus intends to give up 81.4 percent of its 96.4 percent of capital stock in Krauss-Maffei (DM 16.25 million), i.e., it will continue to hold a 15 percent interest in the company. So far, the purchase price was always mentioned as being approximately DM 170 million. No different figures were given at the general meeting.

According to the plan, 3.6 percent of the shares will remain in outside hands. Laaf's statement that guaranteed dividends of DM 0.1 million would be continued as long as the agreement is valid, brought critical questions from one small stockholder. "We are only a nuisance." According to Laaf's data, the single-entity contract and the profit and loss transfer agreement with Buderus is still valid until the end of 1986. This seems to indicate that Buderus will retain management of the enterprise until the end of next year. Buderus will receive DM 4.4 million for 1984. The profit per share is listed as DM 50.29, but the relatively small capital stock must be taken into consideration in this figure.

Still to be studied is the question, probably decisive under cartel law, who is to take over industrial management in the future. The reservations long held by both the Federal Cartel Office and the Federal Ministry of Defense against industrial management by MBB had led to several modifications of the take-over offer, and finally to an MBB withdrawal position to a minority participation (through RTG). In addition to the cartel office, the various supervisory boards of the enterprises involved must also give their approval.

Critical remarks by small shareholders that they "had been made fools of" when they asked at last year's general meeting about the state of the sales negotiations, were rejected by supervisory board member Hans Werner Kolb, managing shareholder of Flick. A circle of interested parties which stands up "even under the most critical examination," had only formed later on. Kolb also pointed to the advantages resulting from the "regional network" of the interested parties.

With regard to the outgoing chairman of the supervisory board of Krauss-Maffei, Dr Hans-Heinz Griesmeier (see FAZ of 23 May), who had been in office for 10 years, Kolb stated: "In view of the new structure, the contract could not be extended." "Promising negotiations" were being carried on with the purchasers regarding a successor, but they were not yet concluded.

Griesmeier said that Krauss-Maffei "expects" for 1985 and 1986 "an equally good earnings picture" as in 1984. However, there are long-term concerns about full use of capacities in the defense sector. At present, "some procurement alternatives are being discussed in the German defense sector, which could contribute to bridging the production gaps." Griesmeier did not yet want to say anything more definite on the subject. Increasing civilian orders also continued in 1985. The group volume is to rise this year from DM 1.9 billion to DM 2.1 billion.

9917
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ECONOMIC

FRANCE

CGE PRESIDENT EXPLAINS INTERNATIONAL STRATEGY

Paris L'EXPANSION in French 7/20 Jun 85 pp 67-81

[Interview with Georges Pebereau, CGE president, by Herve Jannic: date and place not specified]

[Text] Pebereau plays double or quits.
CGE, champion of the French telephone industry, challenges AT&T on the world market.

[Question] In the category of nationalized businesses, CGE [General Electric Company] (Fr 74 billion in turnover, 160,000 employees) has shown itself a good pupil. The figures for 1984 which have just been published--Fr 800 million in net profits, i.e., 20 percent more than in 1983--provide further proof of the fact. This consistency in performance which does not date from 1981, contrasts with the succession of highs and lows which characterize the majority of heavyweights in the public sector.

Nevertheless, CGE today is the object of numerous attacks, particularly in the telephone industry where, since Thomson's resumption of activity in this area, its subsidiary CIT-Alcatel has been accused of lacking an industrial strategy and of going ahead with drastic cuts in its work force because it did not have a sound appreciation of its work schedule.

The other major part of CGE, Alsthom, has also been experiencing serious difficulties with its main markets: the French nuclear program is no longer what it was, naval construction has come to a halt, and its railroad haulage department is slipping.

Finally, the prospect of imminent denationalization, with the inevitably resulting stoppages, shakeups, and vacillations, cannot help but upset a business which, however, needs all its faculties to ensure its redeployment in a difficult environment.

In short, the good pupil is perhaps less gifted than might appear. One can guess that that is not the opinion of Georges Pebereau, head of CGE since 1983 after having been Ambroise

Roux's right-hand man for a long time.

[Question] A few weeks ago, several hundred dismissals were announced by CIT-Alcatel, one of CGE's main subsidiaries. Is it not paradoxical for there to be dismissals in an advance technology industry?

[Answer] Yes, it is paradoxical, perhaps more than you think, because communications offers one of those rare chances for Europe to play a part in the third industrial revolution. There are few areas where the old world is in as good a position from the technological point of view. In contrast with the Americans or Japanese who entered communications via computer technology or through nonconnected mass-produced products, Europeans come to it through its basic element, telecommunications; hence their competitiveness, particularly France's, on the technological level. However, it is true that there are problems. Where employment is concerned, the difficulties are unfortunately inevitable. In the telephone industry, gains in productivity are such that they have resulted in the elimination of jobs, and the reorientation of those that remain towards higher and higher qualifications. In addition, in France's particular case, the home market is stagnant because the need has been met to saturation point after benefiting from a compensation effort. And this handicap has been imposed when France's traditional markets in developing countries have been upset both by the level of interest rates, and by the rise of the dollar.

[Question] Could these difficulties have been foreseen, or did their magnitude take you by surprise?

[Answer] Not only were they foreseeable, but what's more we did foresee them--except perhaps those tied to the development of the dollar. In fact, we have been facing this problem for 10 years but we have been able to deal with it because at CIT-Alcatel between 1974 and 1984, the electronic time switch revolution led to the elimination in the public telephone business of about 2,000 jobs, which were more than compensated by the creation of 4,000 positions in the other areas of activity. All things considered then, there was a net creation of jobs; that is why, where we are concerned, until recently, you have heard nothing about the crisis in the telephone industry.

So, you may ask, why are things changing today? The first reason is that the change in direction of the French market has worsened; the second, and most important, is that it was necessary to deal with overstaffing at the Thomson Telecommunications plants. At a single blow, the staff reduction problem acquired a magnitude quite out of proportion to the job creation procedures set up at CIT-Alcatel and in the CGE group.

Let me add that all this occurred at a time when international competition was stronger than ever; it became vital to deal with the problem without delay, and deploy all our resources to avoid dismissals without compensation. Having said that, for the future we expect to keep the total staff of the Alcatel-Thomson group at the level it will have reached by the end of the year.

[Question] Is it reasonable to make such a commitment?

[Answer] It is a matter of an industry objective, not a commitment, because in industry, one never controls the future. Moreover, it is an overall objective: we are not saying that every company and every plant will keep the identical amount of staff. On the contrary, employment mobility implies that some units may reduce their staff or disappear whereas others may increase theirs or be created.

That being the case, the goal is an ambitious one taking into account the sharp reduction in the PTT [Postal and Communications Service] program planned to take effect in 1987; but CIT-Alcatel has shown in the past that it is capable of meeting this sort of challenge.

[Question] Recently there has been talk of a deal between the DGT [General Telecommunications Office] and CIT-Alcatel, namely Fr 12 billion per year in government contracts in exchange for maintaining the work force. What is the situation here?

[Answer] This deal has never existed and the information that has appeared on the subject is completely false, particularly, unfortunately, as concerns the total number of contracts that could be envisaged. There is no possibility of linking job retention solely to the total of PTT contracts which represent less than one third of our overall activity. No one, moreover, has made such stipulations which I could not have accepted in any case.

[Question] In the eyes of the authorities and the unions, the Thomson-CGE telephone industry agreement should have been good for employment. That was not the case. Who was wrong, and who was wronged?

[Answer] Nobody wronged anybody. At the time, Alain Gomez and I worked out and announced publicly what the reductions in the work force would have been without this agreement: 7,000 in all of Alcatel-Thomson's domain.

We also pointed out that short term reductions would still be necessary and that our goal was to see to it that we remained below that figure. That is exactly what we are in the process of achieving.

[Question] How do you envisage the development of your markets in France and in the world?

[Answer] Where the French market is concerned, the situation is quite clear. Some 15 years ago, France was one of the most backward of the developed countries in the telephone industry. She was able to make up that handicap in less than a decade. Today, she is properly equipped with modern materiel, which means a low renewal rate.

Therefore the reality must be faced: in 1980, the French telephone market represented 5 percent of the world market; in 1987, it will represent less than 3 percent. This prospect is disturbing because the research and development costs necessary for the development of new materiel come to about \$200 million per year: to amortize them, we estimate that we would have to increase our share of the world market from the current 5 percent to about 8 percent.

The conclusion is that more than ever we must seek most of our contracts overseas. For historical reasons, our traditional markets have long been restricted to the free zone countries. When it comes to international competition then, we have little experience, and we are coming up against corporations like ITT, Siemens, Philips, and Ericsson, which have been established overseas for much longer. However, we are succeeding in redeploying our forces, particularly in the direction of the United States and Asia. In India and China, as you know, we have achieved some spectacular successes. Why? Because by comparison with our competitors, we offer a plus, namely, the establishment of research facilities which will enable these countries, in co-operation with us, to take their place at the international level in these areas. We also offer another advantage which consists in the position, an original one and appreciated as such, that our country has been able to occupy and defend on the international scene. In short, last year foreign orders for CIT-Alcatel's public telephone products increased 39 percent, and overall, despite the poor international situation, and despite the problems linked to the standardization of the international apparatus, Alcatel-Thomson's overseas operations increased 7 percent.

[Question] When it comes to big contracts, we know when they are signed, but not when they will be paid for, nor even if there will be any eventual profit. Under these circumstances, do figures have any meaning?

[Answer] You are referring to the problem of "mammoth contracts," which vitiate statistics. But in fact, they have to be judged differently according to the sector. At the moment, none of our large contracts on its own represents more than 5 percent of the annual orders of each of our large subsidiaries.

What is true is that not all contracts have the same scope, are worked out in the same way, and so have the same profit margin. But it is the part of the industrialist's game, facing his competitors, to know how to take initial risks sometimes in order to penetrate a new country and then develop a loyal client as a result.

[Question] What are your prospects in Europe?

[Answer] Conquest is slow there: we are competing against powerful corporations that are hard to dislodge because they have often been long established and have created local jobs. Strange as it may seem, in the area of telecommunications, the Common Market is the privileged domain for corporations outside the community, such as ITT and Ericsson. Outside his national market, a real European manufacturer has all the trouble in the world in finding an opening! Another difficulty is that AT&T is in the process of redeploying its forces, and Europe is its number one target. It has arrived on our continent with proportionate means and methods: an agreement with the telephone division of Philips by means of a joint venture, management of which it controls; it has large interests in Olivetti; a massive investment in an integrated circuit plant in Spain; and a strong offensive on the British market. With AT&T, competition in Europe has switched gears, even if the company has not yet achieved any successes in proportion to the means mobilized.

Faced with this change, Europe is reacting, belatedly perhaps, but it is reacting: the agreement recently concluded between Alcatel-Thomson, ITALTEL, Plessey and Siemens is an illustration of the fact. Another illustration: all European manufacturers in concert intend to attack the American market.

[Question] You are often criticized for the weakness of your establishment in the United States. It is also said that, in contrast with other European corporations, you have been unable to find an American partner. What is the situation exactly?

[Answer] I will beware of any self-satisfaction where our presence in the United States is concerned. All the same, I may point out that with a turnover which will total Fr 7 billion in 1985 (corresponding to a tenfold increase in 5 years), this presence cannot be regarded as negligible. The more so if one simply considers our situation in some areas--for example in alkaline batteries with Saft America Inc., cables with Celwave, mail handling with Friden-Alcatel--and Alsthom's operations in turbodrilling.

But we can discuss telecommunications since you brought it up. It is plain that no European group, whether French or not, can remain an international corporation if it has no significant position on the American market; on the one hand, it represents

40 percent of the world market, and on the other constitutes the best test bench imaginable from the technological point of view.

Fortunately, we have a historic opportunity to develop ourselves in the United States, with the deregulation of AT&T which amounted in fact to the elimination of the monopoly it enjoyed, allowing newcomers to carve out for themselves a part of the pie. A few years ago, the American market was almost closed; now, it is the largest open market in the world. We anticipated this opportunity since we have been working in the United States for 5 years and, contrary to some statements, we have in no way fallen behind our European and Japanese competitors. For all that, the game is far from won. In this business, success is based on perseverance. There is no room for failing an attempt and withdrawing in the hope of making up the lost ground later. If CGE has the ill luck to fail to establish itself in the United States, it would need more than a decade to regain the confidence of its American clientele.

Hence our concern to find a local partner who would enable us to penetrate the American market more quickly, more surely, and with the least cost. Of course, if such an opportunity arises, we will seize it. But we will only seize it under favorable circumstances if we are able to prove that we can do without it. Better to stand alone than to negotiate from a position of weakness.

[Question] Philips, Olivetti and Ericsson do not have the same reservations. They have all made their match. What do you say?

[Answer] Philips did indeed find its match with AT&T. But, and I beg to differ, our requirements are undoubtedly not the same-- or to be more exact, our strategies are different even though we are friends. Philips worked out an agreement which gives them access to AT&T technology, but not to the American market. You can understand that that sort of agreement does not suit me at all. In this area, our approach is closer to that of AT&T than to that of Philips.

Similarly, Olivetti concluded an agreement with AT&T which included an increasing stake in its capital, an agreement which does not correspond to the strategy of a corporation like CGE. In the long run, one can even wonder what will be left of its independence. As for the agreement between Ericsson and Honeywell, can you tell me what the balance sheet is today for each of the two corporations?

[Question] With social problems, stifling competition, and uncertain markets, the telephone industry is definitely a very complicated business. Why do you hang on?

[Answer] Telephone exchanges are a key element in a large communications strategy, as are computers and satellites. In the long run, data processing, switching, and space operations will be more and more closely linked in a technological system of which Alcatel-Thomson--its future depends on it--must acquire a perfect mastery. As for staffing problems, one should not think exclusively in terms of switching. Considering the areas where we are active, beyond the difficult transition we are going through, the prospects for the creation of jobs are really encouraging.

[Question] Whenever the telephone industry is mentioned, one thinks of the public telephone industry. Is CIT-Alcatel active in other areas?

[Answer] Of course. Today, public telephone operations represent only 45 percent of CIT-Alcatel's turnover and a little more than 50 percent of that of the Alcatel-Thomson entity.

The rest consists of private telephone systems, mail processing, automated systems, data processing services and software engineering. Few people are acquainted with this empire which has developed progressively alongside of public telephony; nevertheless, that is what has enabled us to stick it out in the area of employment, and today it represents a particularly solid, high yield sector: it holds first place internationally in automated subway fare machines, for example; second place internationally in mail processing; first place in Europe in the area of data processing and software services; first place internationally in videotex terminals; second place in Europe in the private telephone business.

I would like to emphasize the particularly rapid development in the private telephone sector. In this area, a company such as Telic-Alcatel has doubled its turnover in 2 years, and has quadrupled its results, at the same time greatly expanding its export activities, including to the United States and Japan.

[Question] Is the private telephone business part of office automation?

[Answer] Yes, especially as office automation--that is where its future lies--involves communication, which is our business. Consequently, I prefer to speak of business communication and, and in this regard, private exchanges are and will increasingly be its essential elements. Why do you think IBM bought Rolm? I may add that some large private exchanges differ very little from some basic public exchanges; for us it is an additional asset.

[Question] Alsthom-Atlantique is the other large section of CGE: nuclear plants, circuit breakers, locomotives, naval yards, etc. All of them sectors in trouble, right?

[Answer] Energy and transportation are CGE's cradle. In the past, the corporation's entire strategy was to build up an industry in these areas just as it is now doing in telecommunications. Quite definitely there are problems today. In the nuclear industry, for example, we have to deal with the scaling back of the French program: one or two sections per year instead of six. In the area of railroad hauling, there is discontinuity between the southeast TGV [high speed train] and the Atlantic TGV; this has resulted in inadequacies in the work schedule which the Chinese contract has only partially settled. As for the naval shipyard crisis, everybody knows about that. In short, Alsthom-Atlantique must deal with low return markets.

Having said that, we are not giving up the field. The distribution of our turnover, personnel, investments, cash flow and results show that these sectors continue to occupy at least an equal position with telecommunications. Whether in electric power stations, locomotives, or high tension circuit breakers etc., we are among the very first in the world. Even in naval construction, our performance is more than respectable by comparison with our French and European competitors.

[Question] How are you managing not to lose money in your naval shipyards?

[Answer] Through tight management...without losing sight of the fact that naval construction, internationally, is a government assisted industry, including in Japan.

[Question] Would it not be better for you to pull out of the business?

[Answer] To pull out of a business is not part of the firm's approach. We only disinvest for strategic reasons if the operation relinquished can find more attractive prospects of development in a new context; we see nothing like that on the horizon for our naval construction business.

[Question] CGE has always been considered a well managed company, but its profit margin is only just respectable: approximately 1 percent of the turnover. Are you satisfied with this mediocre performance?

[Answer] CGE has never lost money and has never failed to pay its dividends over more than 24 years. When it was nationalized in 1982, its financial results were already acclaimed, and they have continued to improve since. In 1984, the consolidated result increased 20 percent totaling nearly Fr 800 million, which raised the result to turnover ratio from 1.1 to 1.3 percent. I think that this continuing progress should be appreciated.

It should also be pointed out that since nationalization, CGE has paid out more money to its shareholder in cash dividends than it received as its own capital. This situation, moreover, is quite normal; it is up to CGE to pay its shareholder and not the other way around. But it is fair to stress at the same time that our corporation is experiencing its most profound industrial change in its history and that, to finance it on the financial market, it has benefited from the confidence shown in it by the shareholders of its listed subsidiaries and the holders of its bearer securities.

I spoke of change. A short time ago, CGE was the number one French company in the dozen specialties that were its own; nowadays, energy and communications alone represent 95 percent of its turnover, and CGE has moved up from the national to the international level. To effect this transformation, it was necessary to increase our ability to finance ourselves; it was only in this way that, in the public telephone industry for example, we were able to invest 14 percent of our turnover in research and development. Therefore, we have to manage our self-financing margin in terms of two constraints: on the one hand, to offer satisfactory results to those who are financing us (otherwise we would have to ask for billions of francs from the state), and on the other hand, to improve our international competitiveness, which means massive investments. The corporation's entire management strategy consists in seeking a good balance between these two constraints.

[Question] Do you think that CGE has a sufficient cash flow to guarantee your future?

[Answer] It would be ridiculous to claim that. On the contrary, we are obliged to adjust our ambitions to the cash flow we generate. With twice the cash flow, we could go twice as fast and we would have no employment problem. Increasing our self-financing is therefore a basic objective. Nevertheless, I may point out that if our financial performance contrasts unfavorably with our large American and Japanese competitors, it is perfectly respectable on the French and even European level--especially if, as is logical, profitability is related to our actual assets and not to the turnover.

[Question] Your corporation is known for its distinctive structure: a small holding company and large relatively independent subsidiaries. Do you want CGE to develop towards a more standard setup?

[Answer] Certainly not. One of CGE's strengths consists precisely in having a very reduced team at the holding company level, about 350 people, to manage a corporation that employs 160,000. As a result, we have a decentralized management and heads of subsidiaries, both large and small, who are actually

remarkable business managers able to combine responsibility with solidarity. In the modern world, where creativity must manifest itself at all levels, this asset is irreplaceable. Few companies have a team equal to ours, both at head office and in the subsidiaries. One finds the same decentralization in Alcatel-Thomson, Alsthom, and Lyon Cables for example. This setup is more than a method of management, it is a philosophy. Without it, a small company like TRANSAC (which has now been sold to Bull), which began with a few employees, would not have become France's number one in distributed data processing in 10 years or so; nor would GSI-Alcatel--which at one time did manual accounting--have become one of Europe's leading companies in computer services; nor would the Computer Integrated Manufacturing Company [Compagnie Generale de Productique] become Europe's future leader in its specialty in years to come, as I hope it will be.

[Question] It has often been said that CGE was a purely financial holding company. Is that still true?

[Answer] Financial holding company, industrial holding company, what does all that mean? A holding company, yes, because CGE holds the stocks of its subsidiaries, but I do not understand the financial part; does it make any sense to oppose finance and industry? Is not a complete mastery of financial matters one of the keys to industrial success?

The company's responsibility is to set the corporation's strategic direction and to see to its implementation through planning and budgetary control; it also includes sketching out the development of its subsidiaries and supporting them financially and industrially. This support and solidarity can play a decisive role in certain periods of a company's life: during the last 15 years, Lyon Cables, Alsthom and CEAC in turn (to mention only the largest of them) have experienced serious crises which could have jeopardized their existence if the corporation had not provided the necessary human and financial support. The head office's role is finally to make the most of the group's synergistic capabilities, particularly in the area of research, international trade, the start-up of new operations, etc. Several large subsidiaries, such as CGEE-Alsthom and Lyon Cables, and new organizations like Novelerg and the Computer Integrated Manufacturing Company [Compagnie Generale de Productique], participate simultaneously in the two major areas of the corporation's activities, and thereby, by their very existence, promote the emergence of this synergistic potential.

[Question] In less than a year, the present opposition may be back in power. Does not the possibility of the imminent denationalization of CGE disturb the smooth operation of the corporation?

[Answer] I do not think that the possibility you refer to will interfere with our management.

[Question] Are you trying to pretend that the problem does not exist?

[Answer] As a matter of fact, if we cannot ignore the question, we at least try to keep our distance from the political debate. Such an approach is nothing new, as the continuity of the corporation before and after its nationalization testifies. As far as I am concerned, I have never had to make decisions that were influenced by strictly political considerations, whether industrial options, the choice of men, or employment considerations were involved. However, it is unthinkable to act otherwise in an international corporation. What would our credibility overseas be if our strategy depended on the political situation?

[Question] On a more general level, are you not afraid that political alternations may translate into a continuing cycle of nationalizations and denationalizations?

[Answer] Indeed, if such a cycle were to perpetuate itself, it could present some problems for the large corporations concerned. But as the head of a business, allow me to point out in a positive way that French society as a whole seems to understand and accept more and more both the exigencies of international competition and the necessity of allowing businesses the freedom of action to deal with them.

[Question] How do you see CGE in 10 years? What developments would you like to see?

[Answer] I see CGE along the lines of what many of its major competitors, like Siemens and Toshiba, are or will be, confirmed in its bipolar approach, energy and communications, with wider and wider bridges between the two domains. I think that CGE will occupy a first rank position in the world in each of these two areas.

And I would hope for a blossoming period to follow the period of accelerated change that the corporation has been going through these last few years. It would then be possible to develop a financing capacity commensurate with our ambitions, and to develop activities which, beyond the sale of products, would be much better integrated in every way so as to increase the service part of our turnover.

Competitiveness and employment will rest on a solid foundation through a good distribution of activities among the main economic slots, with by far the greatest portion of the turnover coming from overseas. The realization of these ambitions rests, as always, on the conviction and work of the men and women of the

corporation. In this regard, my hope is twofold: to allow everyone to develop their creative abilities and to ensure that our plan is a matter of pride for each person. This is also, and perhaps chiefly, the sort of blossoming period that I referred to earlier.

[Question] CGE has been a part of France's industrial panorama for several decades. There is something immutable about it, so much so that its image is more that of a reasonably managed institution than of high performance industry. Is such an image not a drawback?

[Answer] It is an institution, perhaps, and we are proud of it, if one is referring to the impression of stability which is gained from the regular progress of our results, turnover, exports, and our balance sheet organization. But that is only the tip of the iceberg. The invisible part, which is to say the reality, lies elsewhere. What the public does not see is the magnitude and rapidity of the corporation's transformation: more than one third of the staff we had 3 years ago has been transferred to other companies, while more than one third of those we have today come from companies which have been added to the group during the last 3 years. We are living through a transformation which is turning operations, until now too home oriented, towards foreign markets; we are projecting ourselves into the future under circumstances that put us among the world's leaders in our technology. CGE is living through the energy crisis and the deregulation of telecommunications in a profoundly destabilized world: closed markets have opened, open markets have closed. The development of techniques and technologies is accelerating, and the biggest industries are asking themselves questions about their strategy and--as regards many of them--are getting involved on a massive scale in conquering world markets.

All these Goliaths may perhaps crush us; perhaps too, in this period of confusion, the David that we are may be able to upset the game of the biggest. Why should we not succeed considering the remarkable course we have been able to trace in world industry during the last two decades?

CGE must have a strategic ambition that goes to the limits of what is possible, and at the same time a rigorous management that will make its realization possible. This second requirement is no doubt more familiar than the first; hence the image you spoke of before. But in reality, our corporation is living through a quite extraordinary adventure.

9824
CSO: 3519/230

ECONOMIC

FRANCE

CNPF GATTAZ LAUNCHES ATTACK ON INHERITANCE TAX LAWS

Paris LE MONDE in French 16, 17 Jun 85 p 1, 16

[Article by Alain Vernholes: "Business Heads and Their Heirs"]

[Text] Yvon Gattaz, the bosses' boss, is launching a crusade against the government. This time he is targeting estate duties. They are too heavy, he said during the week, much too heavy. Thousands of small and medium businesses will die because at the owner's death, the heirs will not carry on the business. Yvon Gattaz talks of the "genocide" of family businesses. At the liberal convention on Saturday 8 June, organized in Paris by the opposition, heads of businesses rose to warn adherents of Chirac, Giscard and Barre of the danger that threatens: in a few years, France will no longer have enough business heads because the members of the immediate post-war generation are on the way out and there is no guarantee that they will have successors.

It is difficult to know whether the penchant for business is disappearing and whether the peril is imminent, but at least two things are certain. The first is that estate duties have increased perceptibly over the last few years. First in 1981, with the abolition of fiscal regulations that were very favorable to transfer-distributions which benefited from a 25 percent reduction in taxes payable. The system had been turned from its initial goal which was to prepare for difficult transitions, particularly those of business heads. It was increasingly used for the sole purpose of paying fewer taxes, and the authorities quite rightly did away with it.

There was another increase in 1984 with the creation of additional brackets in the schedule of estate duties: to the maximum rate of 20 percent in force at the time, last year saw the addition of brackets of 30, 35, and even 40 percent above Fr 11.2 million (per heir). In industry, having to pay relatively large amounts is a mark of success since in France there are no special estate taxes for businesses.

This then is the first observation: sharply increased duties. Second observation: for more than a year, the government has

been making a great effort to promote the creation of companies. It was evident at the end of March 1984 when Jacques Delors proposed his bill to the government on the "development of economic initiative." The bill resulted in the law of 9 July 1984 providing in particular sizable financial advantages for personnel who buy their company (a procedure similar to the American system called Leverage Management Buy Out, or LMBO). These inducements cost the state money, which proves that it considers the problem of the creation and continuity of businesses important. One might wonder then if it would not be logical to give equal encouragement, perhaps first of all, to the heirs, the ones who naturally take over businesses.

Mediocre or Effective

The CNPF [National Council of French Employers] will develop its offensive on estate duties along these lines. Its aim is to obtain financial relief in one form or another. Its program is not a bad one, even if the government does reply that it has already eased regulations by giving heirs 15 years to pay their estate duties, including a 5 year grace period. The government could also point out--since the intent is the same--that this year's budgetary laws stipulated that profits on the issue of limited liability company and public company shares were exempt when the transaction benefited a spouse or a spouse's child, and when the assets were held for at least 5 years by the family.¹

On the other hand, the argument developed by Pierre Beregovoy on the "inadmissible" inequality that advantages granted for business estate would create among heirs according to the share of their inheritance seems less convincing since a solution could be found for the problem.

Two basic difficulties remain, one technical, the other more or less philosophical.

The first is the question of the definition of business estate since it would be a matter of reducing the duties on this sort of inheritance. Taxation of the great fortunes has suffered greatly from the search for this definition. As it is now defined, it leaves room for a certain amount of arbitrariness: effective management of the business, and possession of at least 25 percent of the capital. This arbitrariness would probably be more keenly felt where inherited estate was concerned: why 25 percent of the capital and not 20 percent? Moreover, it would be difficult to transpose the criterion, as it stands, of effective management of the business, since the heir would not necessarily be already heading up the company. All the same, one thing seems clear: the precise unequivocal definition of inherited estate which might constitute grounds for a reduction of duties would be difficult, probably even very difficult.

The second snag: should one encourage and facilitate the takeover of the family business by one of the children of the deceased owner when it is not certain whether the heir has the necessary qualities of a good manager? Inheritance, alas, is no protection from mediocrity, and French industry is full of PME's [small and medium size businesses] poorly run by families' sons who do not have the abilities of their fathers. Should one therefore interfere in the game--where competition reigns--and, at great expense to the state, put at the top who are not capable of running the operation and might perhaps lead it into bankruptcy?

Yvon Gattaz's warnings are not without foundation. But the solution of the problem--which is a real one--should rather be sought, perhaps, in an improvement in transfer-distribution regulations than in an unconditional reduction of estate taxes. The goal of the transfer provisions was to prepare for successions, and especially to progressively establish the heir in the business. Plans were conceived in 1979 to strengthen this approach.² Perhaps this method should be followed again.

Similarly, one day it must be asked whether it is economically justifiable to favor the son over the nephew from the twofold point of view of estate taxes and the retainment portion.³ Sometimes nephews make excellent head of businesses.

FOOTNOTES

1. Article 160 of the penal tax code stipulates a 5 percent tax on profits earned "when a partner, silent partner, or holder of founder's shares transfers to a third party, during the existence of the company, all or part of his company rights."
2. The budget draft for 1980 stipulated that the tax reduction would be 25 percent for donors less than 55 years of age, 20 percent for donors between 55 and 60 years of age, and 10 percent for those between 60 and 65 years of age. The reduction disappeared completely for those over 65 years of age. The senate opposed this provision and the 1980 budget limited itself to lowering from 25 to 20 percent the tax reduction granted for transfer distribution.
3. Estate duties where collateral relatives are concerned are much heavier than for direct descendants. For example, they uniformly total 55 percent between uncle and nephew. Moreover, in a family where there are two children, for example, the father can freely will only one third of his estate; two thirds must go to his direct descendants.

ECONOMIC

GREECE

FIRST QUARTER EXPORTS DECLINE

Athens I KATHIMERINI in Greek 26 Jun 85 p 7

[Text] Greek exports will fare no better this year than last year. The increase in volume is not expected to exceed five percent--as much, that is, as the rise in international trade is estimated to be--while their value in dollars will remain at 1984 levels. Already during the first quarter this year, our exports, calculated in dollars, show a 14.2-percent decrease.

These conservative forecasts, which upset the false and optimistic picture given by the government, were made during the 25 June general assembly of the Union of Industrial Products Exporters when its president, And. Saoulis, presented all the data and estimates making up the yearly trend for exports. As he said, the principal reason for the lag in our exports is the accumulated losses in competitiveness, which have not been compensated with the more realistic exchange policy applied in the last two years. Unless our competitiveness is re-established, however, there can be no talk about a steady and noteworthy recovery for exports of Greek products.

Continuing, Saoulis said:

"In recent years, the great rise in the payment for labor, in combination with a restricted increase, or, even worse, a decrease, in productivity, has acted so that the cost of producing Greek products is constantly higher than that of our competitors.

"The results of a survey on competitiveness in 22 of the 24 member countries of the OECD are characteristic: Our country, which in 1981 was barely in nineteenth place out of 22 countries, fell in 1982 and 1983 to twenty-first place, that is, in the next to last place with Portugal trailing. In 1984, however, we noted a reverse, distressing record since we were now in last place. With a perfect mark of 100, Greece barely rated 30.19. It should be noted that in advance of us at the end are Portugal with 30.98 points, Spain with 41.96 and Turkey with 42.01. The worst thing is that, while the other countries are improving, we regress every year. Thus, the index for Greece, which was 34.33 in 1983, fell to 30.19 in 1984, while Turkey rose from 38.07 to 42.01....

"So it is being shown that the most critical problem faced in recent years by the Greek economy, particularly the manufacturing sector, is the continuing erosion of the competitiveness of Greek products.

"The exorbitant increase in the per-unit cost of labor in our country in recent years is thus the result of two conversely varying magnitudes: the intensely increasing payment for labor, in contrast to its low productivity.

"Of course, the effort for a just distribution of income cannot, and must not, be interrupted. It is now time, however, for there to be an awareness that payment for labor must be combined with productivity.

"In this way the economy would be able to absorb the new higher cost without harmful effects on the competitiveness of products. It must become an axiom that we cannot approach EEC levels of payment if we do not approach their productivity."

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ENERGY

GREECE

EEC CHARGES OF NON-CONFORMANCE IN MONOPOLIES

Athens I KATHIMERINI in Greek 28 Jun 85 p 7

[Text] Greece is finally being led to the European Court for refusing to comply with the Community's instructions concerning freeing the petroleum-products market and abolishing the state monopoly. As was made known yesterday, the Commission has already submitted the interlocutory appeal provided by the related process ("Justificatory Opinion" in Community terms) which was delivered to the Greek delegation in Brussels on 19 June.

Greece must answer this appeal within two months through the Ministry of Foreign Affairs.

In its interlocutory appeal, the Community blames the Greek Government because, from 1 January 1981 to 31 December 1985, it has not proceeded in gradually preparing the Greek petroleum market so it can be freed on 1 January 1986.

According to information, the Community's interlocutory appeal concerns not only the petroleum market, but also the monopolistic conditions in force in other sectors (fertilizers, salt, insurances, etc.).

As the minister of energy and natural resources, A. Veryvakis, stated yesterday in answer to journalists' questions, the Community, against the government, was hasty in delivering the interlocutory appeal. It should have waited, added Veryvakis, for tabling of the related bill, which is already being finished by the government and will be voted on in the summer, and in which an answer is given with the measures for gradually freeing the petroleum market.

Despite the persistent questions about the length of time for totally freeing the petroleum market and complete conformance to the EEC's related instructions, the minister avoided giving a specific answer. He only mentioned that the government desires the amount of time to be small. His answers about the specific factors on which will depend designation of the time for freeing the petroleum market were also unclear and indefinite. At any rate, Veryvakis reported that, with the related bill which will be voted on in the Chamber of Deputies, beginning on 1 January 1986, a partial freeing of the petroleum market, amounting to 15 to 20 percent, can be expected.

The minister of energy and natural resources noted that our country accepts the status quo of competition in the petroleum market. Totally sanctioning it, he said, will depend on the "absorbability" of the measures provided in the related bill which will primarily concern the sector of national security, in combination with other "Greek economic and social conditions of a specific nature."

ENERGY

ICELAND

ENERGY DEMAND LESS THAN ANTICIPATED

Reykjavik NEWS FROM ICELAND in English Jul 85 p 8

[Text]

Landsvirkjun, the National Power Company, is in profit for the first time since 1977, but more accurate consumption forecasts must be ensured so that future power projects can be kept in line with demands trends.

At the company's recent annual meeting, Jóhannes Nordal, board chairman, attributed the improved financial standing to the agreement of better prices for the supply of electricity to ÍSAL's aluminium smelter at Straumsvík and to adjusted terms for repayment of loans previously reckoned in US dollars but now in other currencies. A price rise to general users in 1982-83 had also played a part, and it had only been necessary to raise general tariffs by 5% in the past year (a reduction in real terms). If these profits can be maintained, with more efficient management of operations and finances, a steady decline in real prices can be hoped for in the future.

The timing of future projects must take account of year-to-year changes in demand for energy. The nation can neither afford over-capacity, with investment in power supply for which there is not yet a market, nor under-capacity, with increased requirements for oil imports and interruptions in production for export. The main question at present is the timing of completion at the Blanda hydro-station now in construction, but the company has managed to hold the right in all sub-contracts to delay completion of the project by up to three years, or until 1991.

Managing director Halldór Jónatansson emphasised the past discrepancies between consumption and predictions, partly due to a public energy-saving campaign: "We at Landsvirkjun must always keep matters of marketing in mind," he said, "especially now when the energy demand for this

year is estimated at 300 GW-hours less than was previously supposed." Several attempts are in progress to rectify the situation by increasing the consumption of electricity at the expense of imported fuels.

A joint effort is being made by Landsvirkjun, RARIK (the State Electric Power Works) and the Ministry of Manufacturing Industries and Power to encourage the use of electric, instead of oil-fired, space heating. Measures include discontinuing the subsidy to heating-oil users where the option of electric heating is available, and the offer of loans to help with conversion costs, as well as cheaper electricity tariffs for heating.

As regards increasing the demand from large-scale industry, talks have been going on concerning the proposed establishment of a silicon-metal plant at Reydarfjördur, and discussions are planned with Alusuisse for expansion at the Straumsvík aluminium smelter.

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ENERGY

NORWAY

INCREASED INTEREST SEEN FOR NORWEGIAN GAS ON CONTINENT

Oslo AFTENPOSTEN in Norwegian 12 Jun 85 p 48

[Article by Morten Woldsdal: "Western Europe Desires Long-Term Gas Deliveries: Additional Fields Included in Troll-Negotiations"]

[Text] An agreement for the sale of gas from the large Troll field in the North Sea includes gas deliveries from other fields on the Norwegian continental shelf. According to what AFTENPOSTEN has learned, the large gas companies in Western Europe--with the West German Ruhrgas in the lead--also are willing to purchase other Norwegian gas in addition to gas from the Troll field. Norwegian authorities want to assure themselves of the right to be able to include additional fields under the Troll agreement.

Ruhrgas and the other gas purchasers primarily are concerned with ensuring long-term deliveries of Norwegian gas in order, among other things, not to become more dependent on Soviet natural gas in the future. The large Western European gas companies view it as a necessity for the Troll field to be included in a gas agreement. But they also are willing to allow other fields to be included in an agreement.

AFTENPOSTEN has reason to believe that Ruhrgas now has made it clear both to the Norwegian authorities and to Statoil that the gas company can agree to an expanded Troll agreement. The Oil Commission and the Oil and Energy Ministry previously have stated that such a contractual solution would be the most desireable for Norway.

Bargaining Freedom

In this manner, the Norwegian authorities would acquire greater bargaining freedom as concerns future development projects on the Norwegian shelf. If an agreement were made now only for the sale of gas from the Troll field, the Western European gas market likely would be barred from receiving new Norwegian gas deliveries for many decades into the future. Thereby, the Norwegian authorities would have problems in developing new oil and gas fields because there would be no market for the gas. The Oil and Energy Ministry, therefore, together with the Oil Commission, has been concerned with having an overall development strategy on the Norwegian shelf in connection with the Troll negotiations. And it is this which the Western European gas purchasers have stated they are amenable to doing, AFTENPOSTEN has learned.

"Troll Field Cornerstone"

Statoil is directing the negotiations on gas from the Troll field on behalf of Norway. The company expects that an agreement will be ready around the end of 1985 or beginning of 1986.

"The Troll field will be the cornerstone of every Norwegian gas agreement. But we are amenable to considering including quantities of gas from other fields as well," Statoil's information director Willy H. Olsen told AFTENPOSTEN.

He emphasizes the importance of ensuring bargaining freedom relative to future development of other gas fields or oil fields which contain gas as well.

"But first we must find out what Western Europe is willing to buy before we put together a possible 'gas package' from Norwegian fields," Olsen says. He maintains that Statoil has not yet received clear signals from the potential buyers on how much gas they desire and what time period may be involved.

Additional Fields Possible

It is unclear today which other fields may be included in a Troll agreement. Possibilities exist for satellite fields around Statfjord, Gullfaks and Oseberg, as well as portions of the Sleipner field. Other fields, such as for example, Tommeliten, also could be guaranteed development in this manner.

From the Norwegian side, great effort is being made to see that Norway does not lose market shares in Western Europe to other gas sellers. In 1984, the Soviet Union exported 29 billion cubic meters of gas to Europe, Norway delivered 27 billion, and Algeria 18 billion, cubic meters. The total Norwegian market share last year was over 15 percent.

Gas deliveries from Ekofisk and Frigg will extend through the 1990's. If Norway does not sell gas from new fields to Western Europe in the coming years, other suppliers will overtake the Norwegian market shares. And then there would be difficulties for a long time until there were openings for new gas deliveries once again.

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